

Apprenticeship funding rules – version 6 changes


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Apprenticeship documents

The Governments 2017 to 2018 apprenticeship funding and performance management rules are [here](#).




Education & Skills
Funding Agency

Apprenticeship funding and performance-management rules for training providers

May 2017 to July 2018

Version 6

This document sets out the funding and performance-management rules for all training providers delivering apprenticeships from 1 May 2017 to 31 July 2018.



Education & Skills
Funding Agency


Apprenticeship funding and performance management rules May 2017 to July 2018

Summary of changes

Introduction

1. This document sets out amendments to the following documents:
 - apprenticeship funding: rules and guidance for employers May 2017 to March 2019 version 2
 - apprenticeship funding: rules for employer-providers May 2017 to March 2018 version 2
 - apprenticeship funding and performance management rules for training providers May 2017 to March 2019 version 4*

(*Version 5 existed only to update the performance management rules, no changes were made to the funding rules section of the document)
2. The funding rules form part of the terms and conditions for the use of funds in an employer's apprenticeship service account or for government-employer co-investment and you must read them in conjunction with your funding agreement or contract for services 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).
3. We will apply these rules to all apprenticeship programmes starting on or after 1 May 2017, unless otherwise indicated.
4. We have identified the rules in the new versions that have changed from previous versions in the table below. The employer, employer-provider and provider paragraph numbers are denoted with the prefix E, EP or P respectively.



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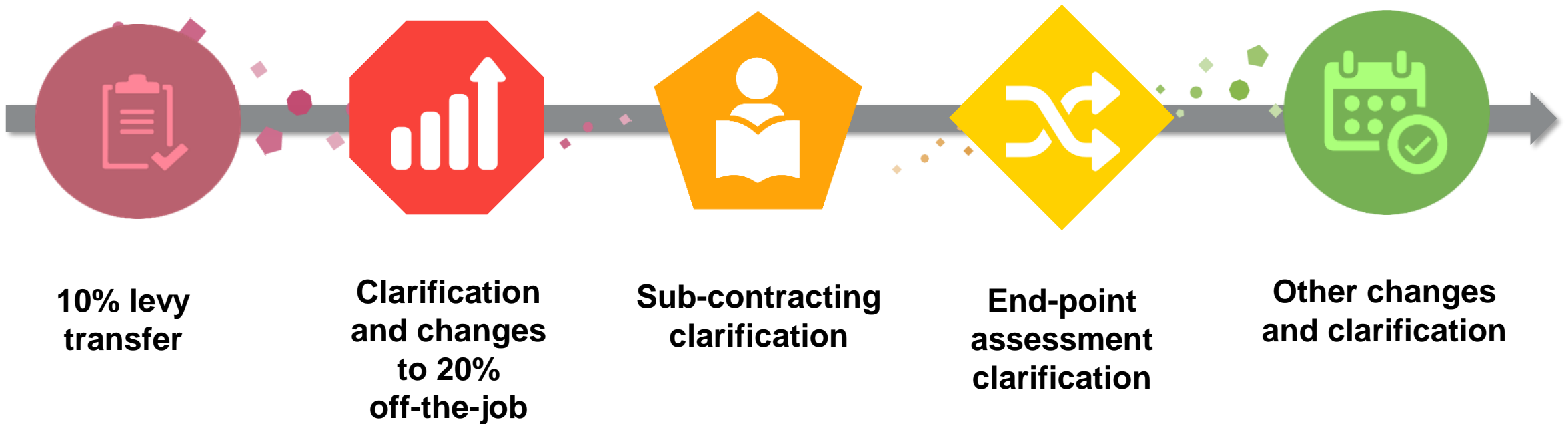
Using subcontractors in the delivery of apprenticeships

Policy background and examples

April 2018

Apprenticeships

Apprenticeships represent an opportunity to develop a skilled workforce for the future and to transform work-based learning to meet employer skills needs into the 2020s and beyond.



10% levy transfer

- 10% calculation will be based on last year's employer levy contribution.
- Initially, levy-paying employers can only transfer funds to one employer. The number of employers a levy-paying employer can transfer funds to will increase over time and after user feedback from the first phase.
- Only levy-paying employers can make a transfer, but any employer can receive and use transferred funds.
- Transferred funds can be used from 1 May 2018 for apprenticeship standards only (not frameworks).
- Receiving employers must be on the apprenticeship service and can start registering from May.
- First transfer payments will be made in June.



10% levy transfer

- Providers who don't currently have a non-levy contract to deliver, can deliver to 10% receiving employers (business opportunity here for providers that missed out on a contract to deliver to non-levy employers).
- This new arrangement cannot apply to small employer 16-18 apprenticeships which remain fully funded by the Government.
- 10% of all the funds an employer receives as a transfer from another employer count as state aid. Employers who receive any state aid must ensure they don't go over the €200,000 allowed limit.
- There's more information for employers and providers here – some of this information is **not** in the funding rules!

Off-the-job training – clarifications

- Content must teach new knowledge, skills and behaviours required to reach competence in the apprenticeship standard or framework.
- Any training in off-the-job must map to the standard, i.e. skills that the employer wants the apprentice to know for their job that are not directly relevant to the apprenticeship, don't count.
- Clarity on payment of wages – an employer can only pay apprenticeship wage rates from the start of an apprenticeship programme and not before.
- Clarification that 20% off-the-job is the minimum expectation – depending on the apprenticeship, more than 20% may be necessary.



Off-the-job changes

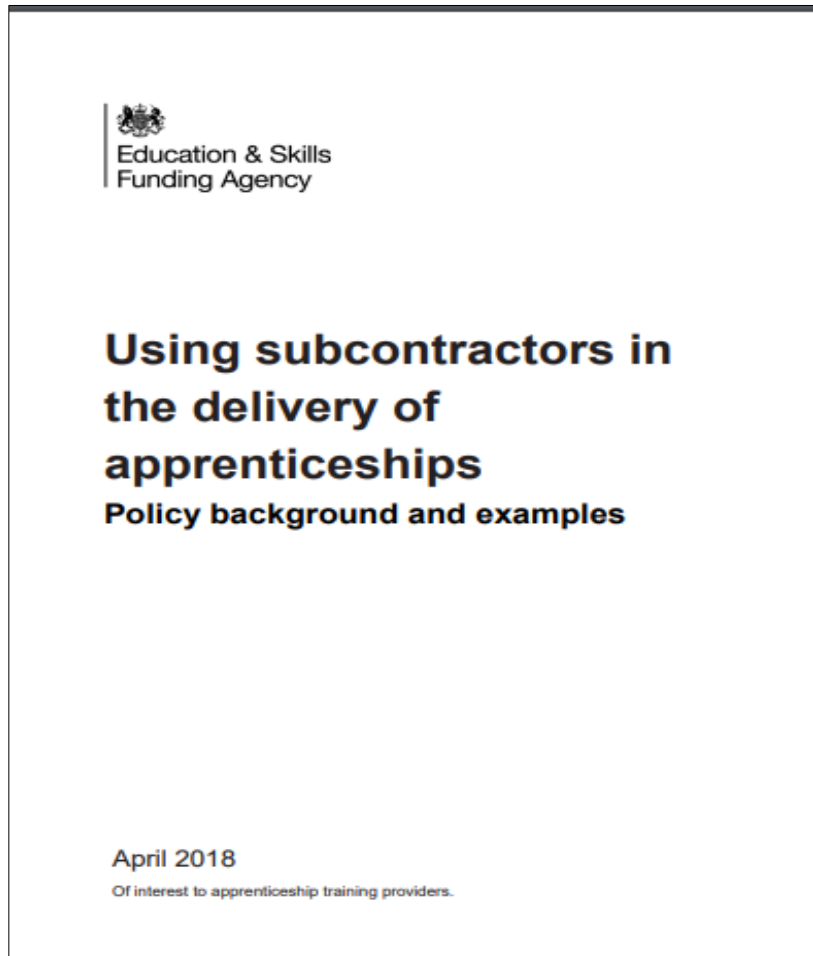
- Off-the-job training must take place during **paid** hours (previously, this was contracted hours).
- Paid working hours changed to paid hours. The opposite calculation includes holiday entitlement.
- By paid hours ESFA mean the apprentice's normal contracted hours – that doesn't include periods of irregular overtime.
- So, regular overtime that is an expected aspect of the job role may need to be taken into account when calculating off-the-job.

Off-the-job calculation example

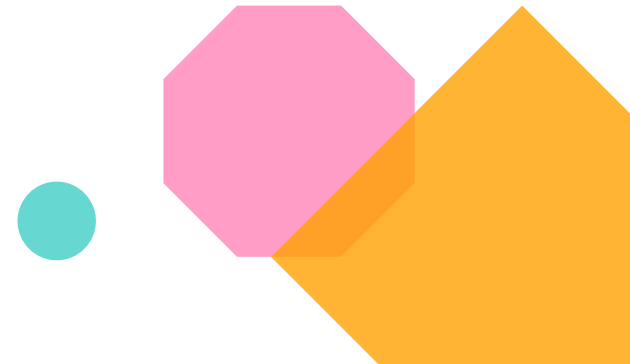
8hrs x 5 days per week = 40hrs

One-year apprenticeship duration = 52 weeks
x 20% = **416 hours off the job**

Subcontracting



- ESFA will review some of the apprenticeship subcontracting funding rules before August 2018.
- Offers some advice and examples to demonstrate the rules requiring lead providers to deliver on-programme or assessment with some substance, in sub-contracting arrangements.
- Stresses the need to ensure government funds are not diverted away from training and assessment in the form of fees and other charges for sub-contracting.
- Indicates possible further changes to ensure value for money.
- <https://www.gov.uk/government/publications/apprenticeships-subcontracting>



Subcontracting continued

- What does 'some substance' mean when subcontracting?
 - ESFA does not define or quantify 'substance' in absolute terms. They state this is because an employer's apprenticeship programme may well evolve over time, with a varying nature and scale as apprentices start and finish their programmes.
 - ESFA does not expect auditors to determine compliance with this rule against an arbitrary quantification of 'substance'.
- A new emphasis clarifying that where the employer is the delivery sub-contractor, only actual costs can be paid and negotiated as part of the agreed price, i.e. employers should not make a profit on the delivery to their own employees.

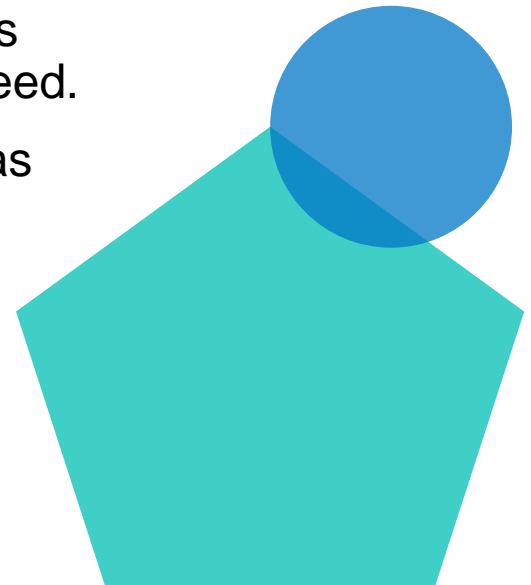


EPA clarification

- That EPA organisations are not delivery subcontractors.
- Providers must now include arrangements in the written agreement for sharing of apprentices relevant ILR information with EPAOs to enable EPA and certification to occur.
- Confirmation that the duration of an apprenticeship in the ILR should include a minimum amount of 372 days:
 - 365 days for the actual delivery of on-programme learning and
 - time for the EPA to occur.
- That the EPA cost is negotiated between the employer and the EPA organisation. ESFA state that the provider plays no role in this negotiation.
- There is no longer a need for further learning in order to retake a mandatory qualification or an EPA and it can now be funded from the levy.

A few final points of clarification or change

- No longer need to get signature of parent or guardian in the written agreement for 16 or 17-year- old apprentices.
- A new paragraph inserted to take account of the new data protection and GDPR rules.
- An additional paragraph/rule stating that there must be no offsetting of any service provided by the employer against apprenticeship costs and that employers must not profit from apprenticeship delivery to their own apprentices (in funding terms rather than ROI).
- Inclusion of a greatly expanded section on exceptions to English and maths for learners with special needs, LDD/EHCP, putting the onus on providers to provide evidence of need.
- It widens the exemptions for this group of learners to include Entry 3 Functional Skills as an outcome.
- An addition of an extra annexe (G) listing approved maths and English qualifications.



What can we expect during 2018/19?

- Minister says – no change to 20% off-the-job arrangements.
- Levy will stay but DfE open to discussion on how to make it easier to deliver, particularly to non-levy/SMEs.
- IfA announced improved trailblazer processes, the “Faster and Better” programme.
- Changes to the apprenticeship funding bands – more bands?
- More standards with mandatory qualifications contained within.
- Audit of 20% off-the-job, pricing structure vs eligible costs, Ofsted apprenticeship inspection arrangements.



Thank you for listening
Any questions?

