



Skills Funding  
Agency

# Apprenticeship standards funding rules 2016 to 2017

## Version 1

### **This document sets out the funding rules which apply to apprenticeship standards**

These rules apply for all organisations in receipt of funding for the delivery of training or end-point assessment of apprenticeship standards for the funding year 2016 to 2017.

We have developed the design, content and format of this document with the advice of, and input from, the employers, stakeholders and providers involved in the development of apprenticeship standards. We welcome your feedback on this version so that we can continue to improve it.

If you have any technical queries on the rules or comments on the document itself, please email: [trailblazerfundingenquiries@sfa.bis.gov.uk](mailto:trailblazerfundingenquiries@sfa.bis.gov.uk).

## January 2016

Of interest to training providers, direct grant employers, group training associations, apprenticeship training agencies, employers and registered assessment organisations delivering apprenticeship standards.

## Contents

<b>Introduction and purpose of the document</b> .....	<b>3</b>
Introduction.....	3
<b>Understanding the terminology</b> .....	<b>4</b>
<b>Section 1 - Quick-start guide for lead providers and providers</b> .....	<b>5</b>
<b>Section 2 - How apprenticeship standards are funded</b> .....	<b>6</b>
Apprenticeship standards funding model .....	6
Table 1 Apprenticeship standards pilot funding model .....	6
Agreeing a price for the delivery of the apprenticeship training and end-point assessment .....	7
Employer contribution.....	7
Additional employer incentive payments .....	8
When are additional employer incentive payments made? .....	9
Funding for English and maths.....	9
European Social Funding (ESF) .....	10
State aid .....	10
Value added tax (VAT) .....	10
<b>Section 3 – Eligibility rules for the funding of apprenticeship standards</b> .....	<b>11</b>
Apprenticeship standards.....	11
Apprentices .....	11
Apprentices with prior qualifications .....	11
Who is eligible to deliver apprenticeship standard training and end-point assessment? .....	11
Training provider organisations .....	11
Employers .....	12
Assessment organisations and end-point assessment.....	12
Eligibility rules for lead providers and employers wishing to enter into subcontracting arrangements for apprenticeship standards .....	13
Second-level subcontracting .....	13
Lead providers subcontracting delivery to employers.....	13
Eligibility for additional employer incentive payments.....	13
Small employer incentive .....	13
16 to 18-year-old apprentice incentive .....	14
Care leavers aged 19 to 24 .....	14
Completion incentive .....	14
What is eligible for funding in an apprenticeship standard? .....	15
Apprenticeship Grant for Employers.....	17
Quality of apprenticeship standards .....	17
<b>Section 4 - Payment and payment processes</b> .....	<b>18</b>
Apprenticeships – a quick-guide to payment and payment processes .....	18
The apprenticeship payment process.....	19
If an apprentice is employed by an Apprenticeship Training Agency (ATA).....	19
Additional employer incentive payments .....	19
Apprenticeship Training Agencies and employer incentive payments.....	20

Lead provider payment to the assessment organisation .....	20
Recovery of funds .....	21
<b>Section 5 - What to do when there is a change of circumstances during apprenticeship delivery .....</b>	<b>22</b>
Following a change in circumstance during apprenticeship delivery .....	22
Redundancy Policy.....	22
Where training or assessment is no longer being delivered .....	22
Table 2 Summary of action following change in employer, apprentice or lead provider circumstances .....	24
<b>Section 6 – Agreements and contracts.....</b>	<b>29</b>
Evidence pack.....	29
The written agreement between employers and lead providers .....	29
The commitment statement between employer, apprentice and lead provider .....	30
The additional employer incentive claim form.....	31
Disputes and issue resolution between employer and lead provider.....	31
<b>Section 7 - Evidence requirements .....</b>	<b>33</b>
Training and assessment activity .....	33
Individualised learner record (ILR) .....	33
Additional evidence .....	33
<b>Section 8 - Additional rules for direct grant employers .....</b>	<b>37</b>
Direct grant employers directly delivering all or part of their training .....	37
Opting out of employer contributions for direct delivery.....	38
Direct grant employers using external providers .....	38
Direct grant employers delivering apprenticeships to external employers.....	39

# Introduction and purpose of the document

## Introduction

- D1. This document sets out the funding rules for apprenticeship standards that start between 1 August 2016 and 31 July 2017, referred to in this document as 2016 to 2017. Those involved in the training and assessment of apprentices must comply with these rules.
- D2. The funding rules in this document are intended to ensure that public funding is used to deliver education and training. They form part of the terms and conditions of the funding agreement between the Secretary of State for Business, Innovation and Skills acting through the Skills Funding Agency (SFA), lead providers and employers who receive funding directly from the SFA for apprenticeship standard provision. If you do not comply with these funding rules, you are in breach of the funding agreement with the SFA. We will take action as set out in the funding agreement. Lead providers must ensure that employers are aware that they are also required to comply with these rules and failure to do so could result in the recovery of public funding.
- D3. The SFA reserves the right to amend the rules. We will publish changes on [GOV.UK](http://GOV.UK).
- D4. As part of the implementation of apprenticeship funding reform, we are trialling these funding principles and seeking to work with employers and providers on solutions to the opportunities and issues that develop during 2016 to 2017.
- D5. The funding rules set out in this document, and any published updates to these rules, will apply for the duration of any apprenticeship standard where the apprentice starts between 1 August 2016 and 31 July 2017.
- D6. This document is supported by, and must be read in conjunction with, the following publications.
- Skills Funding Agency: common funding rules 2016 to 2017.
  - Apprenticeship: common funding rules 2016 to 2017
  - Apprenticeship framework funding rules 2016 to 2017.
  - Additional Funding Rules for Higher Educational Institutions 2016 to 2017.
  - 2016 to 2017 ILR Guidance.

## Understanding the terminology

- D7. The terms 'we', 'our', 'us' and 'SFA' refer to the Skills Funding Agency.
- D8. We use the term 'funding agreement' to include the financial memorandum, contract for services and conditions of funding grant between the SFA and all employers, lead providers and providers they subcontract with for the delivery of apprenticeship standard provision.
- D9. We use the term 'apprentice' to include all those who receive apprenticeship training and end-point assessment through an apprenticeship standard funded by us.
- D10. We use the term 'this document' to refer to apprenticeship standards funding rules 2016 to 2017.
- D11. We use the term 'lead provider' to refer to any organisation holding a contract with us who we directly route funding for apprenticeship standards through. In all cases the lead provider will have the overall responsibility for the training and assessment conducted by providers and assessment organisations it subcontracts with. We also use the term 'lead provider' to include direct grant employers and group training associations who hold a current funding agreement with us.
- D12. We use the term 'provider' to include any organisation appointed by an employer and holding a current funding agreement with us or contracted through a lead provider for the delivery of training and on-programme assessment as part of the employer's agreed apprenticeship programme.
- D13. We use the term 'assessment organisation' to include any organisation on the Register of Apprenticeship Assessment Organisations and appointed by an employer and contracted by a lead provider for the delivery of end-point assessment as part of the employer's agreed apprenticeship programme.
- D14. We use the terms 'apprenticeship', 'standard' and 'apprenticeship standard' to cover the apprenticeship standards which are available for delivery during 2016 to 2017. This is defined as those standards that have had their assessment plan approved and have been published alongside their allocated funding cap.
- D15. We use the term 'employer' to mean the organisation that has a contract of employment with the apprentice.
- D16. We use the term 'end-point assessment' to mean the formal assessment for the apprenticeship standard, typically delivered by an assessment organisation contracted through a lead provider for this purpose.
- D17. We use the term 'training' to mean the delivery of training and on-programme assessment by a lead provider or any organisation contracted to a lead provider for this purpose.
- D18. We use the term 'you' to refer to lead providers, providers, direct grant employers, group training associations, apprenticeship training agencies and assessment organisations.

# Section 1 - Quick-start guide for lead providers and providers

## 1. Choose the apprenticeship

## 2. Prepare delivery of the apprenticeship

## 3. Confirm funding eligibility

## 4. Finalise apprenticeship delivery

## 5. Start the apprenticeship

## 6. Train the apprentices

## 7. Assess the apprentice

## 8. Complete the apprenticeship

What should I expect from the employer?	What do I need to do?
<ul style="list-style-type: none"> <li>The employer will select the apprenticeship standard to use for their apprenticeship. The associated funding caps for each standard are on our website.</li> </ul>	<ul style="list-style-type: none"> <li>Review your curriculum and training to ensure that it is in line with the apprenticeship standard and assessment plan.</li> <li>Check what the funding values are so you can advise employers of the amount of SFA funding that potentially can support the training delivery and assessment of the apprenticeship.</li> <li>Check the funding cap of apprenticeship standards, understanding the price ranges and the employer incentives which employers are entitled to receive.</li> <li>Market your services to employers so they are aware of the apprenticeship training you offer.</li> </ul>
<ul style="list-style-type: none"> <li>The employer will select the provider(s) needed to deliver the apprenticeship training and end-point assessment for the apprenticeship, also appointing a <b>lead provider</b> to co-ordinate the whole training programme. As part of this process they will agree a provisional price for these services with you.</li> </ul>	<ul style="list-style-type: none"> <li>Prepare and agree with the employer a provisional price for the services to be delivered for the apprenticeship training and end-point assessment.</li> <li>If you are the lead provider, your responsibility will be to co-ordinate with the other chosen providers to ensure the successful delivery of the apprenticeship training and the end-point assessment.</li> <li>You may also need to assess whether the apprentice requires learning support, and/or additional support with English and maths. You must make sure these requirements are recorded onto the Individualised Learner Record (ILR).</li> </ul>
<ul style="list-style-type: none"> <li>The employer selects their apprentice.</li> </ul>	<ul style="list-style-type: none"> <li>Once the apprentice is identified, as the lead provider you will need to work closely with your employer in order to check and confirm whether they are eligible for the small employer and the 16- to 18-year-old apprentice incentive payments.</li> </ul>
<ul style="list-style-type: none"> <li>With the apprentice identified, the employer will now finalise a price, agree delivery and agree a <b>payment schedule</b>.</li> <li>The employer will need to sign a <b>written agreement</b> with you for the delivery of the training and end-point assessment based on the apprentice's needs.</li> <li>The employer can now employ the apprentice and complete an <b>apprenticeship agreement</b> and the <b>commitment statement</b> with them before they start.</li> </ul>	<ul style="list-style-type: none"> <li>Work with your employer and finalise a price for the delivery of training and assessment, tailored to the individual apprentice. Confirm these details in a <b>written agreement</b> with your employer and complete the individual <b>commitment statement</b> annex and the <b>apprenticeship agreement</b> with the employer and their apprentice.</li> <li>If you are the lead provider, make sure there are suitable subcontracting and payment arrangements with the other providers, where necessary.</li> <li>Finalise the price of the training delivery and end-point assessment and agree this in a <b>payment schedule</b> with the employer.</li> </ul>
<ul style="list-style-type: none"> <li>The employer will make arrangements to support the apprentice through their apprenticeship.</li> <li>The employer will ensure that the apprentice is given appropriate time to attend the on and off-the-job training required for the apprenticeship.</li> </ul>	<ul style="list-style-type: none"> <li>Create the <b>apprentice evidence pack</b>, which acts as the provider evidence source for the apprenticeship.</li> <li>Once the apprentice is employed, if you are the lead provider you will need to create an <b>ILR</b> for each apprentice in order to register them with the SFA.</li> <li>The delivery of the apprenticeship can start now.</li> <li>Enter the price agreed for training and end-point assessment (excluding VAT) into the relevant field in the ILR.</li> <li>Ensure that any relevant codes are recorded on the ILR; such as for small employers to ensure incentive payments can be triggered.</li> </ul>
<ul style="list-style-type: none"> <li>Throughout the delivery of the apprenticeship, the employer will transfer their cash contributions to the lead provider in line with their agreed delivery and payment schedule.</li> </ul>	<p>Throughout the delivery, the lead provider must:</p> <ul style="list-style-type: none"> <li>collect and report cash contributions from the employer on the ILR</li> <li>collect and validate employer incentive claim forms and transfer incentive payments from the SFA to the employer</li> <li>update the <b>apprentice evidence pack</b>, which acts as the provider evidence source for the apprenticeship</li> </ul>
<ul style="list-style-type: none"> <li>The employer will be involved in confirming that the apprentice has completed and achieved the apprenticeship standard.</li> </ul>	<ul style="list-style-type: none"> <li>The nominated assessment organisation will deliver the end-point assessment.</li> <li>If you are the lead provider, co-ordinate and work with the assessment organisation and the employer to confirm that the apprentice has completed the apprenticeship standard</li> </ul>
<ul style="list-style-type: none"> <li>When the apprentice has successfully completed their apprenticeship, the employer will complete an <b>incentive claim form</b> and submit this to the lead provider.</li> </ul>	<ul style="list-style-type: none"> <li>After the apprentice successfully completes the apprenticeship and end-point assessment, the assessment organisation confirms this with the lead provider.</li> <li>The assessment organisation claims the completion certificate from the apprenticeship certification body.</li> <li>The lead provider receives and checks the incentive claim form from the employer.</li> <li>The lead provider records a completion on the ILR and the completion incentive payment is triggered.</li> <li>The lead provider transfers the completion payment in full to the employer.</li> </ul>

## Section 2 - How apprenticeship standards are funded

D19. This section sets out the apprenticeship standards pilot funding model detailing co-payment arrangements, additional employer incentive payments and information on setting a price for the apprenticeship.

### Apprenticeship standards funding model

D20. Each apprenticeship standard approved for funding has been allocated to one of six funding caps. The funding cap sets the maximum core government contribution the government will make for each apprenticeship standard and it applies to all apprentices, regardless of their age. We set out the funding levels in Table 1 below.

**Table 1 Apprenticeship standards pilot funding model**

Maximum core government contribution (£2 for every £1 from employer)		Cap 1	Cap 2	Cap 3	Cap 4	Cap 5	Cap 6
		£2,000	£3,000	£6,000	£8,000	£13,000	£18,000
Employer contribution if the cap maximum is required		£1,000	£1,500	£3,000	£4,000	£6,500	£9,000
Co-payment for training and assessment if the cap maximum is required		<b>£3,000</b>	<b>£4,500</b>	<b>£9,000</b>	<b>£12,000</b>	<b>£19,500</b>	<b>£27,000</b>
Additional incentive payments	Recruiting a 16 to 18-year-old	£600	£900	£1,800	£2,400	£3,900	£5,400
	For a small business (<50)	£500	£500	£900	£1,200	£1,950	£2,700
	For successful completion	£500	£500	£900	£1,200	£1,950	£2,700
Maximum total government contribution		<b>£3,600</b>	<b>£4,900</b>	<b>£9,600</b>	<b>£12,800</b>	<b>£20,800</b>	<b>£28,800</b>

- D21. Employers, lead providers and their contracted providers will agree a price between them to meet the costs of training and end-point assessment for each apprenticeship.
- D22. To meet the costs of training and end-point assessment, government will invest a core government contribution of £2 for every £1 of investment made by an employer, once this price has been agreed, up to the maximum set for the standard. In this document we refer to this combination of government and employer investment as **co-payment**.
- D23. The core government contribution will not exceed the cap for the apprenticeship standard regardless of any final price agreed between the employer and the lead provider.

- D24. Government co-payment funding to support training and end-point assessment and the incentive payments made to employers is earned from within the lead provider's existing allocation. Lead providers will receive all earnings related to apprenticeship standard delivery through their existing apprenticeship payment arrangements.
- D25. The employer and lead provider must agree a payment schedule. The payment schedule must be included in the written agreement. Please see [Section 6 Agreements and contracts](#).

### **Agreeing a price for the delivery of the apprenticeship training and end-point assessment**

- D26. The price agreed by the employer and their lead provider for training and end-point assessment must only include the training and end-point assessment necessary to meet the relevant standard for each apprentice. Where more than one provider is selected for the delivery of the apprenticeship, the employer must appoint a lead provider for each apprenticeship. An employer may choose to use a different lead provider for each apprenticeship.

### **Employer contribution**

- D27. Employer cash contributions must be in the form of a transfer of funding visible in both employer and lead provider financial systems. The value of each cash payment must be recorded in the ILR. This will typically be in the form of a provider invoice and corresponding employer payment. Please see [Section 8 Additional rules for direct grant employers](#) of this document.
- D28. Evidence of cash contribution payments made by the employer must be retained and recorded for audit purposes, with receipts and invoices of monies received by the lead provider.
- D29. The price agreed by the employer, their lead provider and its contracted providers for delivery of the training that is intended to be eligible for co-payment must be recorded on the ILR by the lead provider at the start of the apprenticeship. The agreed price for end-point assessment can be also be recorded on the ILR at the start of the apprenticeship if available. The price for end-point assessment must be recorded on the ILR prior to the end-point assessment taking place.
- D30. The total price agreed by the employer and their chosen lead provider and its contracted providers for training and end-point assessment may be set at any level, and is not constrained by, or subject to, the funding cap to which the apprenticeship standard has been allocated:
- D30.1 An employer and lead provider may agree a price for training and end-point assessment which is lower than the funding cap value for the apprenticeship standard. In this case, the employer will pay one-third of this agreed price and government will pay two-thirds of the agreed price.
  - D30.2 An employer and lead provider may agree a price for the training and end-point assessment that is equal to the funding cap value for the

apprenticeship standard shown in the table. The employer will pay one-third of this agreed price and government will pay two-thirds of the agreed price up to the value of the cap.

D30.3 An employer and lead provider may agree a price for training and end-point assessment which is higher than the maximum funding cap value for the apprenticeship standard shown in the table. In this case, government will pay two-thirds of the agreed price up to the value of the cap. All of the remaining cost towards the price will be paid by the employer.

D31. Any reduction in length or content of the apprenticeship delivery must be reflected in proportion within the agreed price for the training and end-point assessment.

D32. Employers and lead providers must only revise their agreed price for training and/or end-point assessment when both employer and lead provider agree that:

D32.1 a specific gap in the required training or end-point assessment for the apprentice has been identified that was omitted in error from the original commitment statement or

D32.2 a specific element in the training or end-point assessment agreed for the apprentice has been identified as no longer needed

### **Additional employer incentive payments**

D33. Employers may be eligible to claim one or more of three employer incentive payments when they contribute towards all or part of externally purchased training and/or end-point assessment.

D33.1 For a 16- to 18-year-old apprentice, for an employer with fewer than 50 employees and for completion of the apprenticeship.

D34. There is no minimum requirement for the amount of training and/or end-point assessment that must be externally purchased in order for the employer to be eligible for the full employer incentive payments. Regardless of the price agreed for training and end-point assessment, the full value of the incentive set out in [Table 1 Apprenticeship standards pilot funding model](#) will be paid to the employer.

D35. Employers must make a co-payment towards the training and/or end-point assessment to be eligible to receive incentive payments. Employers choosing to deliver all of the training and end-point assessment for the standard in-house will not be eligible for any of the employer incentive payments.

D36. Incentive payments are earned after set number of days in learning, counted from the programme start date as recorded on the ILR.

D37. An employer must only claim for and receive each eligible incentive payment once for each apprentice. If an apprentice is employed by a new employer, the new employer may, in certain circumstances, also be entitled to receive incentive payments. Please see [Section 5 What to do when there is a change of circumstances during apprenticeship delivery](#) of this document for more information.

## **When are additional employer incentive payments made?**

- D38. Lead providers will receive incentive payments for eligible employers and apprentices:
- D38.1 50% of the 16 to 18 incentive payment 90 days from the apprentice's start date and 50% 365 days from the apprentice's start date.
  - D38.2 100% of the small employer incentive payment 90 days from the apprentice's start date.
  - D38.3 100% of the completion incentive once the apprentice has successfully completed their end-point assessment, the ILR has been updated and certification has been claimed (please see paragraph 85).

## **Funding for English and maths**

- D39. We will provide a flat rate for English and maths taken up to Level 2 as part of an approved apprenticeship standard. Employers will not need to make an employer contribution and we will fund lead providers directly for this delivery.
- D40. If English and maths at Level 3 is a requirement for completion of the apprenticeship standard, it must be funded from the co-payment. This needs to be factored into the agreed price for training and end-point assessment by the employer and lead provider.
- D41. The lead provider must enter the appropriate English and maths learning aim(s) onto the ILR and claim the funding from us.
- D42. English and maths functional skills or GCSE qualifications are eligible for funding at a flat rate of £471 for each learning aim, regardless of the age of the apprentice. The funding is earned in equal payments between the start and planned end dates for the learning aim.
- D43. Lead providers must offer Level 2 functional skills or GCSE qualifications in English or maths (or both) to those apprentices who have not yet achieved Level 2 in English or maths (or both), whether or not this is included in an apprenticeship standard.
- D44. Unless apprentices have achieved their Level 2 English and maths, they will be required to take Level 2 English and/or maths and must study and take the test before the end-point assessment of the apprenticeship standard. Apprentices will not need to have achieved Level 2 English or maths (or both) unless it is a mandatory element of their apprenticeship standard. For advanced and higher apprenticeships, the apprentice must achieve Level 2 English and maths. This must be achieved prior to taking the apprenticeship end-point assessment.
- D45. The only exception in which an apprentice can start their Level 1 English and/or maths prior to their Level 2 English and/or maths is where the lead provider or its contracted provider has conducted a formal, recognised assessment that demonstrates the apprentice needs to study to Level 1 first in order to successfully achieve their Level 2. In such exceptional cases, funding will be available for both levels within the duration of the same apprenticeship.
- D46. If the employer ceases trading or the apprentice is made redundant, the apprentice is permitted to continue with their English and maths at Level 1 or Level 2 if they are

able to do so. The lead provider can continue to claim funds at the £471 apprenticeship rate.

### **European Social Funding (ESF)**

- D47. For 2016 to 2017, lead providers and their contracted providers (or employers) must not use any of the employer's cash contribution to apprenticeships as match funding for ESF or any other funding stream or source.
- D48. It is not currently our intention to use apprenticeship standards funding as ESF match funding however, we reserve the right to do so in the future.

### **State aid**

- D49. We consider that government contributions and additional incentive payments for apprenticeship standards should not, in so far as they are general measures within the national education system, fall within the scope of state aid control during 2016 to 2017.

### **Value added tax (VAT)**

- D50. Lead providers are responsible for determining the VAT treatment on their invoices to employers.
- D51. If a lead provider adds VAT on its invoices to an employer and that employer is VAT registered, the employer may be able to recover that VAT through its VAT returns. In determining the costs of training and/or end-point assessment an employer will need to check with the lead provider if VAT will be added and verify, internally or with HMRC, if it can be recovered.
- D52. Lead providers and employers should seek VAT advice from HMRC if they are in any doubt about the VAT treatment.
- D53. Lead providers must enter the agreed prices for training and end-point assessment on to the ILR. The figures must not include the VAT element, where this exists.
- D54. Whilst lead providers and employers should always seek their own VAT advice, we consider that incentive payments are beyond the scope of VAT and therefore VAT should not be charged on them.

## Section 3 – Eligibility rules for the funding of apprenticeship standards

- D55. This section sets out the rules regarding the eligibility for the funding of apprenticeship standards, the requirements for any organisation, including employers, that wish to deliver training and/or end-point assessment, and rules regarding eligibility for additional employer incentive payments.

### Apprenticeship standards

- D56. Apprentices can only be enrolled against an apprenticeship standard once we have approved and published the assessment plan on [GOV.UK](https://www.gov.uk). Each apprenticeship standard has an approved and published assessment plan, detailing how apprentices will be assessed for that particular standard and what they need to have achieved in order to apply for their completion certificate.

### Apprentices

- D57. All apprentices on an apprenticeship standard must be employed.
- D58. You must only claim funding for apprentices assessed as eligible for funding as set out in these rules. Please see the [Apprenticeship: common funding rules 2016 to 2017](#) regarding the eligibility of apprentices.

### Apprentices with prior qualifications

- D59. Apprenticeship funding supports individuals, including those with prior qualifications, from Levels 1 to 6, to progress to higher levels of learning. Apprentices who have successfully completed an apprenticeship at any level are not expected to start a second apprenticeship at the same or a lower level, including movement from an apprenticeship framework to an apprenticeship standard. In most cases, apprentices will be expected to progress to a higher level. For example, a graduate with a Level 6 degree would, in most cases, progress to a Level 7 apprenticeship standard.
- D60. The only exception to this is where the apprentice starts a new role or occupation requiring a significant amount of new learning to take place and requiring delivery over the minimum duration for the standard. In this case the apprentice would be eligible for funding for an apprenticeship at the same level, but no lower than, their current highest qualification. In this instance the lead provider must record this information as part of the commitment statement and retain evidence for eligibility in their apprenticeship evidence pack.

## Who is eligible to deliver apprenticeship standard training and end-point assessment?

### Training provider organisations

- D61. Lead providers and their subcontractors are eligible to deliver the training for apprenticeship standards. The lead provider must be on the [Register of Training Organisations](#) (the Register). Both the lead provider and their subcontractors must adhere to the apprenticeship subcontracting rules. The lead provider carries overall responsibility for the quality of training delivered by its subcontractors. Please see the [Skills Funding Agency: common funding rules 2016 to 2017](#).

- D62. For 2016 to 2017 all funding for apprenticeship standards and the end-point assessment must be routed through a lead provider. The lead provider will be responsible for receiving funding from us for the delivery of the training and assessment of the apprenticeship standard and for making payments to both employers and any subcontracted providers, including assessment organisations.

## **Employers**

- D63. Employers can if they wish deliver part of their training and/or their assessment in-house providing that this is allowed within the assessment plan for the standard. However, employers will need to select a lead provider and agree a price for the remainder of the training and/or assessment to be delivered by eligible training and assessment organisations. Please see [Section 8 Additional rules for direct grant employers](#).
- D64. Where employers are delivering some training or assessment in-house, the lead provider must register the apprentice at the start of their apprenticeship and record the price agreed for the external training or end-point assessment, as required by us. The lead provider will also act as the payment route for employer incentive payments back to the employer.

## **Assessment organisations and end-point assessment**

- D65. All organisations delivering end-point assessment must be listed on the [Register of Apprenticeship Assessment Organisations](#) (RAAO). Once an employer has selected an organisation from the RAAO to deliver the end-point assessment against the relevant standard, that organisation will be eligible to receive funding from us through the employer's appointed lead provider.
- D66. Although lead providers and their contracted providers may be involved in arrangements for end-point assessment, the assessment itself must be independent and in line with the requirements set out in the assessment plan for the standard. We do not expect lead providers and their contracted providers who have delivered the training to be substantially involved in the end-point assessment. Separate rules apply for higher education institutions delivering degree apprenticeships. We will publish Additional Funding Rules for Higher Education Institutions 2016 to 2017 within this current funding year.
- D67. The assessment organisation is responsible for claiming the apprenticeship completion certificate from the certification issuing body. If assessment organisations claim completion certificates before 31 December 2016, they will need to register with the Federation for Industry Sector Skills Standards. We will publish information regarding arrangements for claiming completion certificates after 31 December 2016 within 2016.
- D68. Lead providers and assessment organisations must have a written agreement in place setting out the arrangements for end-point assessment and the transaction of payments.

- D69. Apprentices will not be able to achieve the apprenticeship without taking an end-point assessment.

### **Eligibility rules for lead providers and employers wishing to enter into subcontracting arrangements for apprenticeship standards**

- D70. The lead provider and the employer must agree any subcontracting arrangements in advance of the start of the apprenticeship. These arrangements must be detailed in the written agreement. The lead provider must also list each subcontractor setting out each of their roles in delivering the apprenticeship within the commitment statement.
- D71. The lead provider must not use any subcontractor to deliver the employer's chosen apprenticeship standard that has not been agreed with the employer in advance of the start of the apprenticeship.

### **Second-level subcontracting**

- D72. The lead provider must get our approval in writing each year from us if they want to subcontract to a second level. We will only allow second-level subcontracting in exceptional circumstances. Please see the [Skills Funding Agency: common funding rules 2016 to 2017](#) for further details regarding subcontracting.

### **Lead providers subcontracting delivery to employers**

- D73. By exception, the lead provider may subcontract with the apprentice's employer for some elements of the apprenticeship delivery. This exception is at the discretion of the Skills Funding Agency and may require further conditions. You need agreement in writing from the Skills Funding Agency before the apprenticeship starts. You must include the exception as an annex and refer to it in the written agreement and retain it as evidence in the apprenticeship evidence pack.
- D74. Lead providers subcontracting training delivery with the apprentice's employer must ensure that the end-point assessment is conducted independently.

### **Eligibility for additional employer incentive payments**

- D75. Employers may be eligible to claim one or more of three employer incentive payments when they contribute towards all or part of externally purchased training and/or end-point assessment.
- D76. Employers must confirm their eligibility for incentive payments to their lead provider through a signed employer eligibility declaration. Timing of employer incentive payments by lead providers to eligible employers is dependent on the lead provider receiving a correct employer declaration.

### **Small employer incentive**

- D77. To be eligible for the incentive payment for employers with fewer than 50 staff, an organisation must have 49 or fewer paid full or part-time employees.
- D78. The eligibility status for the small employer incentive is set at the start of the

apprenticeship and remains the same for the duration of that apprenticeship. The only exception is where an apprentice moves to a new employer before the small employer incentive payment is due. In this case, the eligibility status for the small employer incentive is set by the size of the apprentice's employer when the apprentice becomes eligible at 90 days.

### **16 to 18-year-old apprentice incentive**

- D79. To be eligible for the incentive payment for employing an apprentice aged 16 to 18, an apprentice must be aged 16, 17 or 18 at the start of their apprenticeship.
- D80. The eligibility status for the 16- to 18-year-old apprentice incentive is set at the start of the apprenticeship and remains the same for the duration of that apprenticeship.

### **Care leavers aged 19 to 24**

- D81. Employers employing apprentices aged 19 to 24 and identified as a former relevant child (care leaver) as defined by the Children Act 1989 are eligible to claim the additional 16 to 18 employer incentive.
- D82. Lead providers must hold evidence confirming eligibility for each apprentice through a self-declaration.
- D83. We will provide information regarding the completion of the ILR for care leavers within the next publication of these funding rules.
- D84. A child in care is defined as an;
  - D84.1 eligible child - a young person who is 16 or 17 and who has been looked after by the local authority/Health and Social Care Trust for at least a period of 13 weeks since the age of 14, and who is still looked after
  - D84.2 relevant child - a young person who is 16 or 17 who has left care after their 16th birthday and before leaving care was an eligible child
  - D84.3 former relevant child - a young person who is aged between 18 and 21 (25 if in education or training) who, before turning 18 was either an eligible or a relevant child, or both

### **Completion incentive**

- D85. Lead providers must only claim the employer completion payment when the following criteria are in place.
  - D85.1 The end-point assessment organisation has completed the assessment, recorded and issued results and formally confirmed achievement in writing that the end-point assessment has been successfully passed.
  - D85.2 The employer has submitted a correct claim form, confirming that the apprentice has successfully completed their apprenticeship to the employer's satisfaction.
  - D85.3 The completion certificate has been formally requested from the certification body by the assessment organisation.

D85.4 The lead provider records that the apprentice has successfully completed their apprenticeship on the ILR.

D86. Apprenticeship Training Agencies may receive employer incentive payments from their lead provider(s), but must pass these on to their host employers.

### **What is eligible for funding in an apprenticeship standard?**

D87. The price agreed between the employer and lead provider and combined co-payment funding, (both employer one-third contribution and the government two-thirds contribution) can only be used to fund externally purchased and delivered training and end-point assessment required to meet the standard.

D88. Employers choosing to deliver elements of training and/or end-point assessment through their own internal 'in-house' training team but who do not hold a direct grant with the SFA, are not eligible to claim the government two-thirds contribution for any element of this 'in-house' apprenticeship provision.

D89. There are separate arrangements for the employer contribution for employers holding a direct grant. Please see [Section 8 Additional rules for direct grant employers](#).

D90. Co-payment can only be used to pay for training, education and end-point assessment required to attain the apprenticeship standard. This includes the following.

D90.1 On-the-job and off-the-job delivery through an externally-contracted provider.

D90.2 Planned ongoing assessment.

D90.3 The formal end-point assessment.

D90.4 Educational trips or professional events specified within the standard or assessment plan.

D90.5 E-learning (this can be included provided it is contributory to the standard and is part of a blended learning experience involving practical learning in the workplace).

D90.6 Evidenced costs for employer direct delivery where the employer holds a direct grant with us.

D90.7 Any administration directly linked to the training, education and end-point assessment related to the delivery of the apprenticeship.

D90.8 The co-payment can be used when apprentices are required to undertake additional learning in order to re-take qualifications and/or non-accredited elements which meet the apprenticeship standard. However, if there is no additional learning required prior to the re-take this would not be an eligible use of the co-payment. Any additional learning required by apprentices must be eligible and meet the requirements of the apprenticeship standard. If necessary, a new price can be agreed between the employer, lead providers and their subcontracted providers to include this additional learning. Any new price agreed will be subject to the relevant funding cap. If the new price exceeds the total value for training and end-point assessment for the relevant funding cap, no further government contributions will be

made and the employer will need to meet these additional costs directly.

- D91. The costs of accommodation for learning delivered through residential modules are only eligible for co-payment funding where the residential learning element is listed in the assessment plan as a requirement for all apprentices undertaking the standard. Any costs for residential modules agreed between the employer and lead provider must represent value for money.
- D92. Where the apprentice is resident away from their home base, because of the requirements of their day-to-day work, all accommodation costs are the employer's responsibility, including for the occasions where the apprentice is undertaking apprenticeship activity.
- D93. Travel costs for apprentices are not eligible for co-payment funding under any circumstances.
- D94. Employers are therefore responsible for funding the following.
- D94.1 Payment of apprentices' wages (please see the [Apprenticeship: common funding rules 2016 to 2017](#)).
  - D94.2 Any training or optional modules chosen in addition to what is eligible for co-payment.
  - D94.3 All travel costs for an apprentice travelling to and from their place of work or any other place required for the delivery of their apprenticeship.
  - D94.4 Company induction.
  - D94.5 Personal protective clothing and safety equipment required for apprentices to carry out their day-to-day work.
  - D94.6 Educational trips or trips to professional events not specified in the apprenticeship standard or assessment plan.
  - D94.7 Re-sits for qualifications or assessment required by the apprenticeship standard where no extra learning is required before the re-sit.
  - D94.8 Employer's own administration costs for supporting the apprenticeship.
  - D94.9 Time spent by managers supporting apprentices, mentoring or the time of other staff arranging training support.
  - D94.10 Specific services not related to the delivery and administration of the apprenticeship; this includes bespoke or additional training or assessment which is not a requirement of the standard.
  - D94.11 Where, for convenience, employers, lead providers and their subcontracted providers wish the apprentice to live nearby whilst learning – for example, accommodation at a hotel for an apprentice chef.
- D95. The price agreed by the employer and the lead provider must include all the direct costs of training and end-point assessment to meet the standard. Apprentices must not make any cash contribution for training that is specified in the standard, or be asked to contribute financially to the direct cost of training or end-point assessment for an apprenticeship.
- D96. Professional membership and subscriptions, and the cost of trips to educational/sector-related events that are not specifically included within the

apprenticeship standard, are not considered direct costs of learning. Employers may ask apprentices to pay either in full or contribute towards these costs.

- D97. All eligible training to meet the requirements of the end-point assessment must be set out in the commitment statement and retained with the written agreement between the employer and lead provider. Only training and end-point assessment that contributes to the completion of the standard is eligible for core government contribution. The cost of all other training and development undertaken, which does not directly lead to the completion of the apprenticeship standard, must be met by the employer.
- D98. Where an apprenticeship standard contains both core and optional modules we will only fund the number of optional modules specified in the standard. Any additional modules agreed by the lead provider and the employer must be fully funded by the employer.
- D99. All eligible learning required to meet the end-point assessment must be set out in the commitment statement and written agreement between the employer and lead provider.
- D100. Lead providers earn from us for training and/or end-point assessment which is not necessary for the completion of the apprenticeship standard.
- D101. Please see [Section 7 - Evidence requirements](#) for details of what evidence must be retained relating to co-payment arrangements.

### **Apprenticeship Grant for Employers**

- D102. The Apprenticeship Grant for Employers (AGE) cannot be claimed for apprentices undertaking an apprenticeship standard. AGE is a separate government grant, and is only available for eligible employers employing apprentices on an apprenticeship framework. You can find more information about AGE on [GOV.UK](#).

### **Quality of apprenticeship standards**

- D103. In March 2015 government published its Statement on Apprenticeship Quality for the Trailblazer Trial. You can find this on [GOV.UK](#). The statement sets out the existing and new quality measures which apply to apprenticeship standards. All those involved in apprenticeship standards, whether they are the apprentice, employer, lead provider, assessment organisation have a responsibility to make sure that the actions they take meet the requirements of the quality statement.
- D104. During funding year 2016 to 2017 Minimum Standards will be applied to all apprentices that complete apprenticeship standards.

## Section 4 - Payment and payment processes

D105. This section sets out rules for employers and lead providers regarding apprenticeship payments and payment processes. You should read this in conjunction with the ILR guides and templates section of [GOV.UK](https://www.gov.uk).

### Apprenticeships – a quick-guide to payment and payment processes

#### 1. Apprenticeship starts and employer makes contribution payments

- Lead provider obtains and checks confirmation of employer and apprentice eligibility.
- Lead provider creates apprentice's ILR and records their learning start date and the agreed price for training and end-point assessment.
- Lead provider completes other ILR details as set out in the [2016 to 2017 ILR Guidance](#).
- Employer makes contribution payments to the lead provider as set out in the agreed payment schedule.

#### 2. Lead provider receives government contribution payments

- Lead provider records the employer contribution payments on the apprentice's ILR once they can evidence they have received each payment and submits the ILR at the next submission date.
- SFA confirms the funding earned by the lead provider at the next payment date and pays the lead provider at the next payment date.
- Any additional funding for English and maths and learning support is claimed by the lead provider.
- Lead provider passes funding to any subcontracted providers as agreed (this may include English and maths and learning support).

#### 3. Employer receives first incentive payments

- If the employer is eligible to receive the 16 to 18 incentive payment and/or the small employer incentive payment, this will automatically be triggered when the apprentice's ILR is submitted and it is more than three months (90 days) since they started their apprenticeship (defined learning start date).
- Lead provider earns 50% of the 16 to 18 incentive payment and/or 100% of the small employer incentive payment at the next payment date.
- Employer submits a correctly completed claim form. On this basis only after this has been received and validated, they should be paid 50% of the 16 to 18 incentive payment and/or 100% of the small employer incentive payment from the lead provider within 10 working days of the provider's receipt of these funds from the SFA.

#### 4. Employer receives next incentive payment

- If the employer is eligible to receive the 16 to 18 incentive payment, the final 50% of the 16 to 18 incentive payment will be released when the apprentice's ILR is submitted and it is 12 months (365 days) since they started their apprenticeship (defined by the learning start date).
- Lead provider earns the final 50% of the 16 to 18 incentive payment at the next payment date.
- Employer submits a correctly completed claim form. On this basis they should be paid 50% of the 16 to 18 incentive payment from the lead provider within 10 working days of the provider's receipt of these funds from the SFA.

#### 5. Employer receives completion incentive payment

- Apprentice completes all elements of the apprenticeship standard including English and maths. Assessment organisation confirms apprentice has passed the end-point assessment.
- Assessment organisation claims the apprentice's apprenticeship standard certificate from the certification body.
- Lead provider records the apprentice's completion on the ILR (once the apprenticeship standard certificate has been claimed) and submits the ILR at the next submission date.
- Lead provider earns the completion payment at the next payment date.
- Employer submits a correctly completed claim form. Lead provider transfers payment from within 10 working days of the provider's receipt of these funds from the SFA.

## **The apprenticeship payment process**

- D106. The lead provider and employer must agree a payment schedule with the employer. The payment schedule will set out when the employer will pay their cash contributions to the lead provider and how much each contribution will be. The payment schedule agreed by the employer, lead provider and their subcontracted providers may include payments to be made on a monthly, quarterly, or annual basis, or at any other time interval agreed by the employer and lead provider and must be part of the written agreement.
- D107. All parties are expected to make prompt payments in accordance with the written agreement secured at the start of the apprenticeship.

## **If an apprentice is employed by an Apprenticeship Training Agency (ATA)**

- D108. As the legal employer of the apprentice the ATA is responsible for making the employer cash contribution payments for the delivery of training and end-point assessment. Please see National Register of ATAs [website](#).
- D109. ATAs will need to agree a price and payment schedule for training and end-point assessment with a lead provider. This information must be recorded in a written agreement.
- D110. Evidence of transactions between the ATA and lead provider must be retained; such as a written agreement between the ATA and lead provider on price and schedule of payments, invoices and receipts of payments made between the ATA and lead provider. Lead providers and their subcontracted providers that operate their own ATA must maintain transparency to ensure that evidence of payments and the receipt of payments are retained.

## **Additional employer incentive payments**

- D111. It is the employer's responsibility to check and declare their organisation and employee eligibility status for any incentive payments at the start of the apprenticeship. Employers may ask their lead provider to help with their eligibility checks. Lead providers must hold a signed, original eligibility declaration(s) from the employer at the start of the apprenticeship which confirms eligibility for any incentive payments. Lead providers and their subcontracted providers must not start any delivery without this original signed declaration.
- D112. Lead providers must provide employers with an employer incentive claim form and employers must use this form to claim any incentives they are entitled to receive through their lead provider. Please see [Section 6 Agreements and contracts](#).
- D113. Lead providers must retain correctly completed and signed employer declarations and incentive claim forms received from employers for audit purposes as part of the apprenticeship evidence pack.
- D114. Lead providers will receive incentive payments from us on behalf of the employer. These must be passed in full to the employer within 10 working days of receipt of a correctly completed claim form and receipt of this funding from us.

- D115. Where the employer fails to claim or submits an incorrect employer incentive claim form to the lead provider, the lead provider must make all reasonable effort to obtain a completed employer incentive claim form from the employer.
- D116. If the lead provider fails to make the payment within the appropriate timescale we reserve the right to deduct the sum due to the employer from payments due to the lead provider from us and pay the employer directly. Lead providers must inform us if they have been unable to pass on any incentive payment after 40 working days of receipt.
- D117. Incentive payments are not linked to the payment schedule agreed between the employer and lead provider although the schedule may highlight when incentive payments are likely to be made.
- D118. The lead provider must complete and submit the ILR in line with the ILR collection timetable and timeliness standards to ensure that there are no delays with the processing of any incentive payments which the employer is eligible to receive. Lead providers are responsible for ensuring that an absence of, or incorrect ILR data, does not cause a delay to the payment of incentives. Please see the [2016 to 2017 ILR Guidance](#).

### **Apprenticeship Training Agencies and employer incentive payments**

- D119. It is the responsibility of the ATA as the legal employer to confirm the eligibility of individuals and of the host employer. The lead provider must provide the ATA with an eligibility declaration form to sign which confirms the eligibility of the individual and the host employer to receive incentive payments. The lead provider and the ATA must retain the declaration.
- D120. The ATA must submit an employer incentive claim form to the lead provider to claim the incentive payments at the set points for their eligible host employers.
- D121. The lead provider can only pass on incentive payments once they have received an employer incentive claim form from the ATA.
- D122. ATAs must pass incentive payments to eligible host employers. ATAs can exercise their discretion on the value of incentive payments made between host employers where there are multiple employers involved in the apprenticeship programme. This will largely depend on the number of host employers to whom the ATA has hired the apprentice during their apprenticeship.
- D123. Incentive payments made by the ATA to the host employer must be clearly identifiable to the host employer as either the small employer incentive, 16 to 18 incentive or apprenticeship completion incentive.
- D124. Both the lead provider and the ATA must retain employer incentive claim forms and evidence of receipts of payment for each incentive payment.

### **Lead provider payment to the assessment organisation**

- D125. The lead provider must have a written agreement in place with the assessment organisation and make payment to them for conducting the end-point assessment.

The lead provider must retain evidence of payments made to the assessment organisation for conducting the end-point assessment.

## Recovery of funds

- D126. We may take action including to recover all or part of government funding from lead providers where we are satisfied that there has been a breach of the funding rules. This includes where claims are made for funding through the core government contribution and/or additional employer incentive payments, to which the lead provider and/or employer is not entitled. Where the failure to comply with the funding rules is the fault of an employer not in receipt of a direct grant, we will recover the funding due as a result from the lead provider who will need to recover it from the employer.
- D127. Lead providers must ensure that there are suitable robust systems and procedures in place which guard against fraudulent activity. Lead providers must make employers aware of the specific checks and actions which exist for this purpose. In particular, lead providers must confirm employer responsibilities in, and the impact of, making eligibility declarations and ensure that these are supported in the written documentation with employers.
- D128. Systems, procedures and documentation must enable lead providers to recover government funding from employers and/or repay government funding they have received where there has been a breach of the funding rules. This might include, for example where:
- D128.1 employers have incorrectly or fraudulently declared (in their signed declaration) that they or their apprentice is eligible for funding
  - D128.2 employers have received government contribution and incentives
  - D128.3 no training or assessment has taken place
  - D128.4 employers have not paid their one-third contribution to the provider
- D129. Lead providers and employers must adhere to the rules for eligibility and regarding a change in either their or their apprentices' circumstances. Please see [Section 5 What to do when there is a change of circumstances during apprenticeship delivery](#).
- D130. We will recover funding from the lead provider where the ILR data shows the planned end-date and/or actual end-date is set below the minimum for each standard because this renders the apprenticeship ineligible for funding. An apprentice leaving their apprenticeship programme early is not a breach of this rule.
- D131. If we find that the employer was ineligible for incentive payments from the start of the apprenticeship, we reserve the right to recover both the costs of government contributions and incentive payments.

## **Section 5 - What to do when there is a change of circumstances during apprenticeship delivery**

- D132. This section sets out the rules for employers and lead providers when there is a change which either means that the apprenticeship delivery cannot continue as previously or must stop altogether. This includes changes to the employer, their apprentice or the arrangements between the two, or changes to the lead provider and/or their contracted providers.
- D133. This section sets out the typical changes in circumstances that may happen during the delivery of an apprenticeship programme and what to do when a change in circumstances that might affect eligibility for funding happens during the delivery of an apprenticeship standard.

### **Following a change in circumstance during apprenticeship delivery**

- D134. You may need a new or revised written agreement (including price and eligibility declaration) and a new commitment statement and/or apprenticeship agreement. Lead providers must ensure that these are in place if needed and retain the updated signed copies in the apprenticeship evidence pack.
- D135. If an apprentice has a break in learning this may affect the timing of employer incentive payments. For example, if an apprentice starts a break in learning before the small employer incentive is due, this payment will be delayed until the apprentice resumes their apprenticeship and has reached an overall total of 90 days in learning. Lead providers must not record a break in learning for short-term absences, such as holidays. We will stop funding an apprentice during a break in learning.

### **Redundancy Policy**

- D136. Apprentices who are made redundant through no fault of their own, up to six months before the planned end date of their apprenticeship, do not need to be employed under an apprenticeship agreement.
- D137. In this circumstance, the lead provider can continue the delivery of the apprenticeship and continue to draw down the government contribution agreed for delivery of the apprenticeship, providing that:
- D137.1 all remaining elements required by the standard, and the end-point assessment itself are capable of being successfully delivered and
  - D137.2 the apprentice can be fully prepared and supported through to the end-point assessment

### **Where training or assessment is no longer being delivered**

- D138. Where a change of circumstance means that training and/or assessment is no longer being delivered, no further government contributions or incentive payments must be claimed [2016 to 2017 ILR Guidance](#).
- D139. The lead provider and the employer must agree the cost of the training and/or end-point assessment delivered to date. The employer must ensure that they have paid

the employer contribution for any training or end-point assessment that has already been delivered.

- D140. When a change of circumstance occurs, this may result in over-payment of government funding, depending on actual delivery and the payment schedule agreed by the employer and lead provider. Any over-payment of government funding must be repaid to us and the lead provider is responsible for administering the repayment of funding through the ILR. The lead provider must follow the arrangements set out in their written agreement for any over-payment of employer contributions.
- D141. The lead provider and employer will agree reimbursement 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.
- D142. Table 2 below describes the action you must take when a particular change of circumstance occurs, including what must happen with regard to government and employer contributions and incentive payments. Where changes or circumstances happen that are not included in this document, you should seek specific advice from us about what action you should take. Please email [trailblazerfundingenquiries@sfa.bis.gov.uk](mailto:trailblazerfundingenquiries@sfa.bis.gov.uk).
- D143. Please refer to the [2016 to 2017 ILR Guidance](#) for details of how to record these changes in circumstance on the ILR which you can find on [GOV.UK](#). We will update this guidance as new changes of circumstance arise. If you need any further advice, please contact us.

**Table 2 Summary of action following change in employer, apprentice or lead provider circumstances**

Change	Example reasons	Action	Employer and government contributions	Incentive payments
1. Apprentice requires a break in their apprenticeship	Illness, maternity or other personal reason	Refer to <a href="#">2016 to 2017 ILR Guidance</a>	Stop until apprentice resumes their apprenticeship	Stop until apprentice resumes their apprenticeship
2. Apprentice is no longer employed by the employer	Resignation or other reason	Refer to <a href="#">2016 to 2017 ILR Guidance</a>	<p>Stop and any over-payment of the government contribution is repaid</p> <p>Any over-payment of the employer contribution is repaid to the employer by the lead provider</p>	Stop but employer retains any incentive payments already made
3. Apprentice is no longer employed by the employer	Apprentices who are made redundant through no fault of their own, up to six months before the planned end date of their apprenticeship	Refer to <a href="#">2016 to 2017 ILR Guidance</a>	<p>Employer contribution stops</p> <p>Lead provider repays any over-payment of the employer contribution to the employer</p> <p>Government contribution continues to be paid monthly on profile</p>	Stop but employer retains any incentive payments already made

Change	Example reasons	Action	Employer and government contributions	Incentive payments
4. Apprentice leaves their apprenticeship early but remains with the same employer	New job role with the same employer, decision to stop the apprenticeship by employer or apprentice or other reason	Refer to <a href="#">2016 to 2017 ILR Guidance</a>	<p>Stop and any over-payment of the government contribution is repaid</p> <p>Lead provider repays any over-payment of the employer contribution to the employer</p>	Stop but employer retains any incentive payments already made
5. Apprentice starts a new role with the same employer and requires a different apprenticeship standard	Internal promotion, restructure or other reason	<p>Employer confirms that apprentice is in new job role</p> <p>New price agreed for training and assessment for the new standard, taking into account relevant learning from the first apprenticeship (this may be with the existing lead provider or a new lead provider)</p> <p>There must be at least 12 months of learning required to complete the new standard (or the minimum duration set out in the relevant standard if this is greater)</p>	<p>Stop and any over-payment of the government contribution is repaid</p> <p>Any over-payment of the employer contribution is repaid to the employer by the lead provider</p> <p>Payments made in line with new payment schedule</p>	<p>Employer can only receive each incentive payment once for each apprentice</p> <p>If incentive payments have already been made, the employer will only be able to receive any remaining incentive payments, for example, 50% of the 16 to 18 incentive payment at 12 months</p>
6. Apprentice starts a new job with a different	Apprentice chooses to apply for new job, lead	New price agreed for the remainder of the apprenticeship	Stop (for the first employer) and any over-payment of the	Stop for the initial employer but they retain any incentive

Change	Example reasons	Action	Employer and government contributions	Incentive payments
<p>employer and continues their apprenticeship with the same lead provider</p>	<p>provider supports apprentice to find a new job following redundancy or other reason</p>	<p>training and assessment, taking into account relevant learning from first employer</p> <p>There may be fewer than 12 months of learning required to complete the standard but the total length of learning must meet or exceed the minimum of 12 months (or the minimum duration set out in the relevant standard if this is greater)</p>	<p>government contribution is repaid</p> <p>Any over-payment of the employer contribution is repaid to the first employer by the lead provider</p> <p>Payments made by new employer in line with new payment schedule</p>	<p>payments already made</p> <p>New employer receives any incentive payments that have not already been paid, subject to eligibility</p>
<p>7. Apprentice starts a new job with a different employer and continues their apprenticeship with a different lead provider</p>	<p>Apprentice chooses to apply for a new job, new lead provider supports apprentice to find a new job following redundancy or other reason</p>	<p>New price agreed for the remainder of the apprenticeship training and assessment, taking into account relevant learning from first employer</p> <p>There may be fewer than 12 months of learning required to complete the standard but the total length of learning must meet or exceed the minimum of 12 months (or the minimum duration set out in the relevant</p>	<p>Stop (for the first employer) and any over-payment of the government contribution is repaid</p> <p>Any over-payment of the employer contribution is repaid to the employer by the lead provider</p> <p>Payments made by new employer in line with the new payment schedule and government contributions start again</p>	<p>Stop for the initial employer but they retain any incentive payments already made</p> <p>New employer receives any incentive payments that have not already been paid, subject to eligibility</p>

Change	Example reasons	Action	Employer and government contributions	Incentive payments
		standard if this is greater)		
8. Apprentice starts a new job with a different employer and requires a different apprenticeship standard	Apprentice chooses to apply for a new job or other reason	<p>New price agreed for training and assessment for the new standard, taking into account relevant learning from the first apprenticeship (this may be with the existing lead provider or a new lead provider)</p> <p>There must be at least 12 months of learning required to complete the new standard (or the minimum duration set out in the relevant standard if this is greater)</p>	<p>Stop and any over-payment of the government contribution is repaid</p> <p>Any over-payment of the employer contribution is repaid to the employer by the lead provider</p> <p>Payments made by the new employer in line with the new payment schedule and government contributions start again</p>	<p>Stop for the initial employer but they retain any incentive payments already made</p> <p>New employer receives any incentive payments that have not already been paid, subject to eligibility</p>
9. Employer selects a different lead provider	Poor customer service from lead provider, lead provider ceases trading, lead provider no longer wishes to work with employer or other reason	<p>New price agreed for the remainder of the apprenticeship training and assessment. The new lead provider may agree to continue with the existing price and payment schedule</p> <p>There may be fewer than 12 months of learning needed</p>	<p>Stop and any over-payment of the government contribution is repaid</p> <p>Any over-payment of the employer contribution is repaid to the employer by the original lead provider</p> <p>Payments made by employer in</p>	Employer continues to receive any incentive payments subject to eligibility

Change	Example reasons	Action	Employer and government contributions	Incentive payments
		to complete the standard but the total length of learning must meet or exceed the minimum of 12 months (or the minimum duration set out in the relevant standard if this is greater)	line with payment schedule agreed with the new lead provider, and government contributions start again	
10. Lead provider ceases trading	Liquidation or other reason	<p>Lead provider informs SFA and employer that they are going to cease trading</p> <p>Lead provider must, where possible, support the apprentice and employer to identify a new lead provider</p>	<p>Stop and any over-payment of the government contribution is repaid</p> <p>Contribution payments will resume if a new lead provider is identified</p> <p>Any over-payment of the employer contribution is repaid to the employer by the lead provider</p>	<p>Stop but employer retains any incentive payments already made</p> <p>Incentive payments will resume if a new lead provider is identified</p>
11. Employer ceases trading	Liquidation or other reason	<p>Employer informs us and lead provider that they are going to cease trading</p> <p>Lead provider must, where possible, support the apprentice to identify a new employer</p>	<p>Stop and any over-payment of the government contribution is repaid</p> <p>Any over-payment of the employer contribution is repaid to the employer by the lead provider</p>	<p>Stop but employer retains any incentive payments already made</p>

## Section 6 – Agreements and contracts

D144. This section sets out the rules for employers and providers on documentation and agreements relating to an apprenticeship such as evidence pack, subcontracting arrangements and responsibilities regarding resolution of disputes between the employer and their provider(s).

### Evidence pack

D145. Lead providers must have and maintain an apprenticeship evidence pack for each apprentice. The evidence pack is a collection of documents and information brought together to form a single point of reference relating to the training and end-point assessment that is taking place.

D145.1 The written agreement between the employer and the lead provider can be kept as part of the apprenticeship evidence pack in order to avoid duplication.

D145.2 The provider's own copy of the commitment statement between the employer, the apprentice and the lead provider must be kept as part of the written agreement.

D145.3 If training is delivered by an employer, the evidence pack may also contain employment records held by the employer, such as application forms, learning and development plans and payroll systems.

D145.4 The majority of information will come from normal processes and be produced as part of the organisation's business. It may be in paper, electronic or a mixture of formats. For employers and/or lead providers it could include enrolment forms, data-capture forms, induction checklists, initial assessments, training plans, confirmation letters to apprentices, self-declarations, attendance records, copies of certificates and result forms.

D146. The written agreement and the commitment statement must be in place at the start and for the entire length of the apprenticeship (and updated as needed), with signed copies re-distributed to all three parties (training provider, employer and apprentice).

### The written agreement between employers and lead providers

D147. The employer and lead provider must make sure that all elements of the agreement regarding the supply of training and end-point assessment are set out in writing and that the employer and lead provider keep a current signed and dated version on record at all times. This document must include:

D147.1 confirmation and signature from the employer for eligibility of the apprentice for apprenticeship funding and 16 to 18 incentive payments, if applicable

D147.2 confirmation and signature from the employer of their eligibility for the small employer incentive payment, if applicable

D147.3 the services agreed for delivery of the apprenticeship

D147.4 the payment schedule for the employer cash contribution payments, setting out the dates for claiming any eligible incentive payments

D147.5 details of any eligible, evidenced employer costs for direct grant employers

- D147.6 confirmation that learning support is available to support apprentices with additional learning needs; where learning support has been specifically identified and agreed, the commitment statement must clearly set out what this is being used for
- D147.7 the process for resolving any issues and disputes regarding the apprenticeship, including quality and payment and the escalation process to the SFA
- D147.8 where a lead provider plans to deliver training or end-point assessment through subcontracting, the arrangements for this, including services, costs and payment schedules (for all lead and subcontracted arrangements to be paid for through the co-payment) which should be explicit in the written agreement. Any exceptions agreed with us must be set out in the body of the written agreement, and the SFA exception letter included as an annex to the written agreement
- D147.9 the right of a lead provider to recover sums from the employer in the event that the employer is in breach of the funding rules as set out in this document
- D147.10 at Annex A, a commitment statement for every apprentice covered by the written agreement
- D147.11 as an annex, any written exceptions agreed with us

### **The commitment statement between employer, apprentice and lead provider**

- D148. All apprentices, their employers and lead provider must hold a signed copy of the commitment statement setting out how they will support the successful achievement of the apprenticeship.
- D149. The commitment statement must be signed by the apprentice, their employer and the lead provider, and all three parties must keep a current signed and dated version on record.
- D150. Apprentices starting an apprenticeship standard aged from 16 to 17 until their 18th birthday, must have their commitment statement signed by a parent or legal guardian.
- D151. The commitment statement must set out the planned content and schedule for training and end-point assessment. It must also set out what is expected and offered by the employer, lead provider (and any subcontractors) and the apprentice to achieve the apprenticeship.
- D152. The commitment statement is intended to provide a short summary, typically no longer than two to three pages, and should include the following as a minimum.
  - D152.1 Details of the standard being followed, including start/end dates for the apprenticeship training and end-point assessment and key milestones for mandatory or other qualification achievements.
  - D152.2 Details on which elements are eligible for co-payment and necessary to meet the end-point assessment, those which are extra and not eligible for co-payment but will be fully funded by the employer, and those fully funded by the SFA including English and maths.

D152.3 The list of organisations delivering each segment of the training and end-point assessment.

D153. Roles and responsibilities for employer, provider and apprentice and arrangements for how the three parties will work together. This must include contact details and set out the expected commitment from each to ensure the smooth running and day-to-day delivery of the apprenticeship, including for example:

D155.1 apprentice; attendance and study time

D155.2 employer; commitment to wages and time off to study in the working day

D155.3 provider; support and guidance available and how to access this

D154. The process for the employer and apprentice to use for resolving any queries or complaints regarding the apprenticeship, including quality. This must include details of the escalation route within the lead provider's own organisation and the escalation process to the SFA through the apprenticeship helpline.

### **The additional employer incentive claim form**

D155. Lead providers must provide employers with an employer incentive claim form to enable them to claim any eligible employer incentives. The claim form must contain at least the following.

D155.1 Name of the employer making the claim.

D155.2 Date the claim is being made.

D155.3 Name of the lead provider.

D155.4 Start date of the apprentice(s) being claimed for.

D155.5 Name(s) and date(s) of birth of apprentice(s).

D155.6 Apprenticeship standard(s) being followed by apprentices.

D155.7 Amount of incentives being claimed for each apprentice.

D155.8 Type of incentive being claimed for each apprentice, for example, first 16- to 18-year-old incentive payment due at three months (90 days) after the start of the apprenticeship.

D155.9 Total amount of incentive payments being claimed on the form.

D155.10 A signed declaration from the employer that the information provided is correct and they are not claiming money they have previously claimed and/or received.

### **Disputes and issue resolution between employer and lead provider**

D156. The lead provider is responsible for resolving issues and disputes between the employer and other providers. Training and assessment providers must provide employers and 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.

D157. Agreements entered into by the employer and lead 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.

D158. Apprentices and their employers must be made aware by the lead provider that they can contact the apprenticeship helpline regarding apprenticeship concerns,

complaints and enquiries. The contact number and website must also be included in the employer's written agreement and in the apprentice's commitment statement.

## Section 7 - Evidence requirements

- D159. This section of the rules sets out the evidence that we require from both employer and lead providers. Please see [Section 6 Agreements and contracts](#) for the contents of evidence pack.
- D160. For the general principles of evidence requirements, please see the [Skills Funding Agency: common funding rules 2016 to 2017](#).

### Training and assessment activity

- D161. The lead provider must provide evidence of training and end-point assessment reported in the ILR and recorded in the apprentice's apprenticeship evidence pack. The lead provider can do this through naturally-occurring evidence, such as registers, attendance records, reports, records of contact and reviews. If the lead provider does not have any evidence of training and end-point assessment taking place and they have claimed funding, we have the right to recover any funding paid.

### Individualised learner record (ILR)

- D162. The ILR data reported to us is not evidence in its own right but is the basis on which our payments are made to lead providers. The information contained in the apprenticeship evidence pack must support the ILR data lead providers have reported. The ways in which lead providers collect data may naturally provide evidence. For example, lead providers may include forms used to collect ILR data, such as enrolment forms, in the apprenticeship evidence pack.

### Additional evidence

- D163. As well as the apprenticeship evidence pack and written agreement we will require evidence of the following.

Paragraph/rules	Evidence requirement
<a href="#">57 and 58</a>	The date that an apprentice has started their apprenticeship is the date on which the activity related to the standard has begun. Induction, prior assessment, diagnostic testing or similar activity is not part of the standard and is not treated as the start of training.
<a href="#">Apprenticeship: common funding rules 2016 to 2017</a>	Lead providers must check that the apprentice is employed at the start of the apprenticeship and retain a copy of the written apprenticeship agreement.

Paragraph/rules	Evidence requirement
<a href="#">Apprenticeship: common funding rules 2016 to 2017</a>	If the working hours of the apprentice vary from week to week, lead providers must make sure they meet the minimum length of the standard. This includes both increases and reductions in hours where lead providers will extend or reduce the minimum length as necessary. Lead providers must not change the 'Learning planned end date' field of the ILR but this alteration will be reflected in the 'Learning actual end date' field of the ILR.
<a href="#">Apprenticeship: common funding rules 2016 to 2017</a>	Employers must agree with their lead provider the average hours the apprentice will be 'at work' including paid training time and 'off-the-job' time with the employer, defined usually as a contracted number of hours every week. This must be recorded in the apprenticeship evidence pack and the lead provider and the individual apprentice must have the opportunity to agree to these hours which will include periods of study.
<a href="#">156, 112 to 118</a>	Lead providers must receive and retain employer incentive claim forms.
<a href="#">75 and 76</a>	To claim the employer incentive payments, there must be evidence that the apprentice was still in learning on or after the date each payment is due.
<a href="#">106 and 147</a>	The employer and lead provider must agree a price and payment schedule for the apprenticeship standard and record the details in a written agreement.
<a href="#">145</a>	Lead providers must hold an apprenticeship evidence pack which confirms that the apprentice, their employer and the apprenticeship for which government co-payment has been claimed, are eligible for the value of funding claimed. The apprenticeship evidence pack must include a copy of the signed and dated written agreement between the employer and lead provider and the commitment statement signed and dated by the apprentice, the employer and the lead provider.
<a href="#">148</a>	Every apprentice must hold a written commitment statement which sets out the detail for the delivery of their apprenticeship. This document must set out the planned content and schedule for training and end-point assessment. It must also set out what is expected and offered by the employer, lead provider (and any subcontractors) and the apprentice to achieve the apprenticeship.
<a href="#">148</a>	All eligible training to meet the requirements of the end-point assessment must be set out in the commitment statement and retained with the written agreement between the employer and provider.

Paragraph/rules	Evidence requirement
<a href="#">59 and 60</a>	If an apprentice starts an apprenticeship in a significantly new job role at the same level, the lead provider must record this information as part of the commitment statement and retain evidence for eligibility in their apprenticeship evidence pack.
<a href="#">85</a>	For apprenticeship standards, the evidence of completion we need is an apprenticeship completion certificate.
<a href="#">106</a>	The employer and lead provider must agree a payment schedule that ensures a flow of funding across the duration of the apprenticeship. The payment schedule must be included in the written agreement.
<a href="#">59 and 60</a> <a href="#">Common funding rules for all apprenticeships 2016 to 2017</a>	Apprentices with prior qualifications. The lead provider must record this information as part of the commitment statement and retain evidence for eligibility in their apprenticeship evidence pack.
<a href="#">27 and 28</a>	Evidence of cash contribution payments made by the employer must be retained and recorded for audit purposes, with receipts and invoices of monies received by the lead provider.
<a href="#">68</a>	Lead providers and assessment organisations must have a written agreement in place outlining the arrangements for end-point assessment.
<a href="#">85</a>	Lead providers must receive confirmation in the form of written evidence from the assessment organisation as proof that the apprentice has successfully achieved their end-point assessment.
<a href="#">125</a>	Lead providers must retain evidence of payments they have made to assessment organisations for conducting end-point assessments.
<a href="#">27 and 28</a> <a href="#">106</a>	Lead providers must keep evidence of employer cash contribution payments made and received for both training and end-point assessment.
<a href="#">151.6</a>	Evidence that the learning support claimed through the ILR is backed up by an assessment, that there is a planned programme of support included in the apprenticeship evidence pack, and there is evidence of the planned programme for providing additional support included in the apprenticeship evidence pack.

Paragraph/rules	Evidence requirement
<a href="#">114</a>	Lead providers must keep evidence that employers have claimed eligible employer incentives and that they have passed the full value of incentive payments to the employer within 10 working days of receipt.
<a href="#">126 to 131</a>	Evidence of any repayments made by an employer or provider. Suitable evidence could include financial system reports or other payment processing information.
<a href="#">134</a>	Evidence of a new or revised written agreement (including price and eligibility declaration) required as a result of a change of circumstances a new learning agreement and apprenticeship agreement may also be required.
<a href="#">146</a>	The employer and lead provider must make sure that the commitment to successful completion of the apprenticeship are set out in writing for the apprentice and that all three parties keep a current signed and dated version of commitment statements on record at all times.
<a href="#">147</a>	The lead provider and employer must agree any subcontracting arrangements, in advance of the start of the apprenticeship. These arrangements must be detailed in the written agreement and each organisation and their role in delivering the apprenticeship set out in the commitment statement.
<a href="#">72</a>	Second-level contracting. A request to second-level subcontract and copy of approval to second-level subcontract.
<a href="#">73</a>	Lead providers subcontracting delivery to employers. By exception, the lead provider may subcontract with the apprentice's employer for some elements of the apprenticeship delivery. This exception is at the discretion of the Skills Funding Agency and may require further conditions. Agreement in writing is required before the apprenticeship commences. The exception must be included as an annex to, and be referred to, in the written agreement and retained as evidence in the apprenticeship evidence pack.
<a href="#">169</a>	Evidence of costs for direct grant employer direct delivery where these are counted as part of the employer contribution.
<a href="#">119 to 124</a>	Apprenticeship Training Agencies (ATAs). Lead providers and ATAs must maintain apprentice declaration forms, and incentive claim forms submitted by ATAs as evidence for additional incentive payments.
<a href="#">108 to 110</a>	Lead providers must record and maintain evidence of payments made by ATAs for training and assessment.

## **Section 8 - Additional rules for direct grant employers**

D164. This section provides details of additional rules which only apply to direct grant employers. Direct grant employers are those employers who train their own apprentices (and those of their supply chain) and hold a current funding agreement with us and are listed on the Register.

### **Direct grant employers directly delivering all or part of their training**

D165. Direct grant employers can directly deliver all or part of their apprenticeship standard training programme.

D166. Direct grant employers must calculate and report in the ILR the full cost of training and assessment including the end-point assessment for each apprentice, as this will determine the value of the core government contribution.

D167. We will monitor training and end-point assessment costs to ensure that direct grant employers achieve best value, such as economies of scale, which can be taken into consideration when calculating delivery costs.

D168. Direct grant employers may demonstrate that they make employer contributions through the internal transfer of training costs to another part of the organisation. This can be evidenced by setting up a separate distinct cost code to demonstrate that an internal transfer has taken place, or other suitable evidence including a schedule of payments, internal requisition of training, or internal payment transfers and invoicing.

D169. Direct grant employers can use the evidenced costs they incur for the direct delivery of their apprenticeship standard training as part of their employer contribution. Such costs are defined as the salary plus 'on costs' of individuals employed by the direct grant employer for the time they are directly involved in the administration, training or end-point assessment of the apprenticeship programme. Costs may also include the evidenced travel and subsistence costs of staff directly involved in delivery of the apprenticeship programme where these relate explicitly to the delivery of apprenticeship training or end-point assessment.

D170. 'On costs' can include employment costs such as employer pension contributions, national insurance, and employee benefits. On costs do not include bonuses paid by employers.

D171. An individual's time for administration, training or end-point assessment not connected to an apprenticeship standard cannot be counted as employer contributions. Direct grant employers can calculate the average cost of salaries and 'on costs' over a period of time, for example, one year, and set this against the costs of directly delivering the apprenticeship standard over the same time.

D172. Evidence must be retained which clearly demonstrates the costs to the direct grant employer for their administration, training and end-point assessment of the apprenticeship standard. Evidence requirements which can be used

include: payroll, payslips, expense claims, hourly pay rates and training plans which include the hours of training delivered.

- D173. Direct grant employers can claim the core government contribution for their evidenced employer contributions for the direct delivery of their apprenticeship standard. The same principles apply as for other employers; government will pay £2 for every £1 the employer pays up to the core government contribution cap allocated for the standard.
- D174. Direct grant employers can claim additional incentive payments for which they are eligible.

### **Opting out of employer contributions for direct delivery**

- D175. Direct grant employers will not be eligible to claim the government contribution for the training delivered if they:
- D175.1 directly deliver 100% of their own training and choose not to make any employer contributions and
  - D175.2 do not evidence costs they incur for the direct delivery of their apprenticeship training
- D176. Direct grant employers that choose to opt out of making employer contributions towards training will still be required to make their cash contribution for the end-point assessment of their apprentices. Core government contribution and employer incentive payments (which they are eligible for) can be claimed against employer contributions made towards the end-point assessment.
- D177. Direct grant employers must ensure the full cost of end-point assessment is recorded on the ILR.

### **Direct grant employers using external providers**

- D178. Direct grant employers may subcontract the delivery of all or part of an apprenticeship standard to an approved external training provider.
- D179. Direct grant employers must:
- D179.1 agree a price with the contracted external provider(s) to deliver the training and assessment organisation to deliver the end-point assessment
  - D179.2 pay the one-third employer cash contribution towards the training of apprentices and retain evidence of any payments made to the external provider
- D180. Direct grant employers can claim the core government contribution for evidenced employer contributions which they have made to the external provider and for additional incentive payments for which they are eligible.

## **Direct grant employers delivering apprenticeships to external employers**

D181. Where direct grant employers deliver apprenticeship standards to other employers (including those employers within their supply chain and franchises if they are not their own legal employees), they must follow the rules for lead providers set out in this document.





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