



Skills Funding
Agency

Combined rules for apprenticeship standards

For the 2016 to 2017 funding year (1 August 2016 to 31 July 2017).

Version 1

Includes the documents below:

Skills Funding Agency: common funding rules

Apprenticeships: common funding rules

Apprenticeship standards funding rules

January 2016

Of interest to providers and employers

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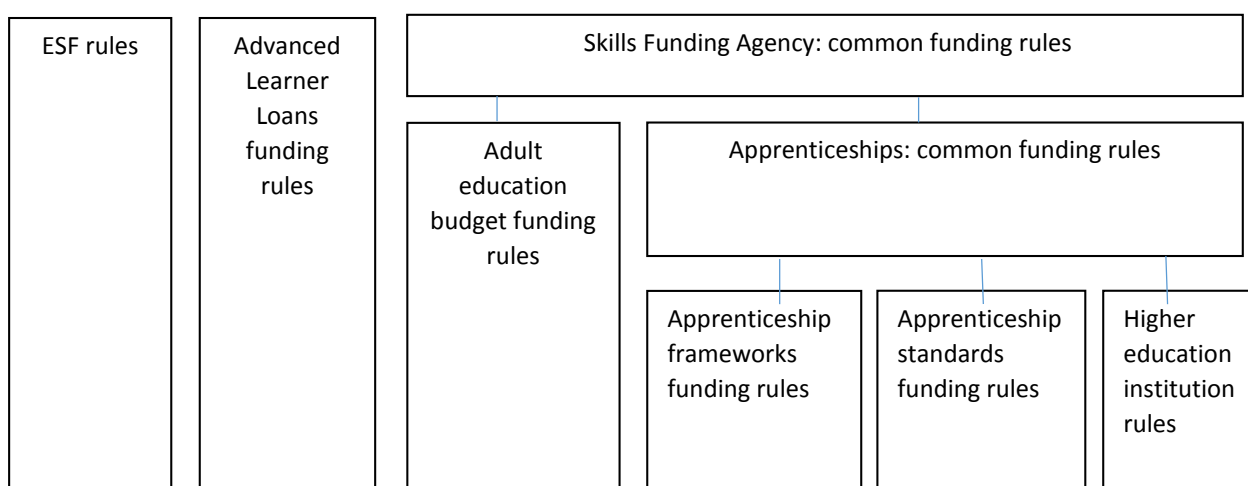
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Introduction and purpose of the document

A1 This document sets out the core funding rules for the 2016 to 2017 funding year (1 August 2016 to 31 July 2017). The rules apply to all providers of education and training who receive funding from the Secretary of State for Business, Innovation and Skills acting through the Skills Funding Agency (SFA). These rules do not apply to Advanced Learner Loans or to education and training services funded by the European Social Fund.

A2 This document is one of a suite of documents which set out the funding rules for the 2016 to 2017 funding year. You must read this document together with the relevant programme rules which we show below.



A3 These documents form part of the terms and conditions of funding and you must read them in conjunction with your funding agreement.

A4 You must operate within the terms and conditions of the funding agreement, these rules, the [performance-management-rules](#) the [Individualised Learner Record \(ILR\) Specification](#). If you do not, you are in breach of the funding agreement with the SFA.

A5 The SFA may make changes to these rules.

Understanding the terminology

A6 The term 'we' refers to the SFA.

A7 When we refer to 'you' or 'providers', this includes colleges, higher education institutions, training organisations, local authorities and employers who receive funding from us to deliver education and training. We will use the generic term 'you' or 'provider' unless the requirements only apply to a specific provider type.

A8 We use the term 'funding agreement' to include the:

A8.1. financial memorandum

A8.2. conditions of funding (grant)

A8.3. contract for services

A8.4. conditions of funding (grant) - employer

A9 We use the terms 'individual', 'learner' and 'apprentice' to cover those whose provision is funded by us.

A10 We use the term 'provision' to refer to all learning activity that we fund, whether it is a regulated qualification or other activity that is not a regulated qualification.

A10.1. If we refer to qualifications, these will either be from the Regulated Qualifications Framework (RQF) or they will be an Access to Higher Education Diploma recognised and regulated by the Quality Assurance Agency (QAA).

A10.2. If we refer to 'learning aims' we mean a single episode of learning which could be a regulated qualification or a piece of non-regulated learning activity. This type of activity could include:

A10.2.1. independent living skills

A10.2.2. employability skills

A10.2.3. labour market entry

A10.2.4. vocational tasters

A10.2.5. engaging the hard to reach

A10.3. If we refer to 'programmes' we mean a package of learning activity which may include regulated qualifications, components of qualifications or non-regulated activity.

A11 We use boxes in this document where we need to set the context of the rules.

Contacting our Central Delivery Service

A12 If you need to contact us you can do so through our Central Delivery service (CDS) at servicedesk@sfa.bis.gov.uk or telephone 0370 2640001.

Principles of funding

A13 These funding rules apply to all learners from 1 August 2016. This includes learning that started before 1 August 2016 as well as new learning aims or programmes started on or after 1 August 2016. The only exceptions to this are:

A13.1. if the funding rules state they only apply to those starting a new learning aim, or to continuing learners

A13.2. for funding eligibility rules, as this is determined on the first day a learner starts their learning

A14 Budgets are ring-fenced and you must not vire between the following:

A14.1. Adult Education Budget

A14.2. 19+ apprenticeships

A14.3. Apprenticeship Grants for Employers (AGE)

A14.4. Loans Bursary Fund

A14.5. Advanced Learner Loan Facility

A15 For 16 to 18 apprenticeships and 16 to 18 traineeships, virement is permitted within these budgets, subject to formal agreement as in our published rules. See our performance-management rules for more information.

A16 We will review and monitor whether the education and training you provide represents good value for money. If we consider that the funding of the education and training we have provided is significantly more than the cost, we may reduce the amount of funding we pay you after consulting with you.

Who we fund

A17 You must check the eligibility of the learner at the start of each learning aim or their traineeship or apprenticeship programme and only claim funding for eligible learners.

A18 To be funded by us, on the first day of learning a learner must be:

A18.1. aged 19 or older on 31 August within the 2016 to 2017 funding year if the learning aim is not an apprenticeship or traineeship

A18.2. an apprentice starting an apprenticeship after the last Friday in June of the academic year in which they have their 16th birthday

A18.3. starting a traineeship on or after 1 August of the academic year in which they have their 16th birthday.

A19 The age of the learner on 31 August in the funding year determines whether the learner is funded by us or the Education Funding Agency (EFA). For all other purposes, the age of the learner is that at the start of each learning aim.

A20 A learner's eligibility will not change during the learning aim or programme, unless they are an apprentice and their employment status changes (see paragraphs A3 and A9 in [Apprenticeships: common funding rules](#)).

A21 Learners will be eligible for funding for the whole of the learning aim or programme if they are eligible for funding at the start, even if the duration is for over one year. You must reassess the learner for any further learning aims or programmes they start.

A22 If an individual starts a learning aim and is not eligible for funding, we will not fund this learning aim for them at any time in the future, even if the individual becomes eligible.

A23 Any learner, of any age, must be able to achieve the learning aim or programme of study within the time they have available. If you know a learner is unable to complete a learning aim in the time they have available, they cannot be funded.

Learners with learning difficulties and disabilities

A24 We will fund learners with learning difficulties or disabilities as set out in the [Apprenticeships, Skills, Children and Learning Act 2009](#).

A25 We will fund learning and support as needed for individuals who self-declare a learning difficulty or disability.

A26 The EFA is responsible for funding provision and support costs for any other learners aged 19 to 24 who are subject to an Education, Health and Care Plan (EHC Plan) or Learning Difficulty Assessment (LDA) for their learning programme through your EFA delivery contract

What we fund

A27 You must make sure that the learning is eligible for funding before the learner starts. [The Hub](#) contains details of eligible qualifications and apprenticeship learning aims.

A28 You must not claim funding where a learner only resits a learning aim assessment or examination and no extra learning takes place.

A29 You must not claim funding for any provision that is delivered to a learner outside England unless we give you permission before learning starts; this includes distance learning.

A30 You or your subcontractors must not claim funding for any part of any learner's learning aim or programme that duplicates provision they have received from any other source.

A31 We will not fund a learner to repeat the same regulated qualification where they have previously achieved it unless it is:

A31.1. a requirement of the apprenticeship

A31.2. for any GCSE where the learner has not achieved grade C, or 5, or higher

A32 You must provide accurate unique learner number (ULN) information to awarding organisations and ensure all information you use to register learners for qualifications is correct. You can find more information on [GOV.UK](#).

Qualifying days for funding

A33 The learner or apprentice must be in learning for a minimum number of days between the learning start date and learning planned end date before they qualify for funding, including learning support. In an apprenticeship standard this applies only to English and maths learning aims but not to other learning aims. The minimum qualifying days are:

Planned length of the learning aim	Minimum qualifying days
168 days	42 days
14 to 167 days	14 days
Fewer than 14 days	1 day

A34 This does not apply where the learner achieves the learning aim.

Recognition of prior learning

A35 A learner could have prior learning that has been previously accredited by an awarding organisation or could be formally recognised and count towards a qualification. If this is the case you must:

A35.1. reduce the amount of funding claimed for the learning aim by the percentage of learning and assessment that the learner does not need

A35.2. follow the policies and procedures set by the awarding organisation for the delivery and assessment of the qualification

A35.3. not claim funding if the prior learning meets the full requirements of the awarding organisation to achieve the learning aim

A36 You must not use prior learning to reduce funding for English, maths and English for Speakers of Other Languages (ESOL) qualifications up to and including level 2. For further information see paragraph E11 and E12 in [the adult education budget](#) funding rules.

A37 If a learner does an AS-level qualification followed by an A-level then you must reduce the funding claimed for the A-level and record this in the 'Funding adjustment for prior learning' field in the ILR. You can access further information, in our [ILR Provider Support Manual for 2016 to 2017](#).

Contracting

Staying on the Register of training organisations

A38 The Register of Training Organisations (the Register) is the SFA's only market entry point for organisations that intend to deliver education and training services or operate in our supply chain as a subcontractor with an aggregated contract value of £100,000 or more. You can find out further information on the Register on [GOV.UK](#).

A39 If you and any subcontractors want to continue to be listed on the Register you must successfully complete the Register refresh and update your information when we ask you to. If you fail, or do not update when we ask you to, you must apply at the next opening.

During this period you and any subcontractors will not:

A39.1. be listed on the Register

A39.2. be invited to tender, and

A39.3. be able to increase contract value through growth cases

A40 If your organisation does not apply at the next opening of the Gateway, or you fail the application process, we will review your funding arrangements.

Subcontracting

A41 A subcontractor is a legal entity that has an agreement with you to deliver education and training funded by us.

A42 Your governing body or board of directors and your accounting officer (senior responsible person) must be satisfied that all your subcontracting meets your strategic aims and enhances the quality of your learner offer. You must set out the reasons for subcontracting in your published supply chain fees and charges policy to reflect your strategic aims. You must be able to evidence this, such as minutes of meetings and written sign-off. You must not subcontract to meet short-term funding objectives.

A43 You must only use subcontractors:

A43.1. if you have the knowledge, skills and experience within your organisation to successfully procure, contract with and manage those subcontractors and can evidence this with the curricula vitae of relevant staff

A43.2. who your governing body/board of directors and your accounting officer (senior responsible person) determine as being of high quality and low risk, and provide written evidence confirming this

A43.3. if you have robust procedures to ensure subcontracting does not lead to the inadvertent funding of extremist organisations

A44 You are responsible for all the actions of your subcontractors connected to, or arising out of, the delivery of the services which you subcontract.

Selection and procurement

A45 If you have not previously subcontracted provision we fund, you must get our written approval before awarding a contract to a subcontractor and keep evidence of this. You can find details on [GOV.UK](https://www.gov.uk).

A46 When appointing subcontractors you must avoid conflicts of interest and you must:

A46.1. write to us through your Central Delivery Service adviser about any circumstances (for example, where you and your proposed

subcontractor have common directors) which might lead to an actual or perceived conflict of interest

A46.2. not award the contract without our written permission, and

A46.3. keep as evidence both your request and our reply

A47 You must carry out your own due diligence checks when appointing subcontractors and have both the process and the results available for inspection by us. You must not use the Register as a substitute for carrying out your own due diligence checks.

A48 You must not appoint any subcontractors with a contract value of £100,000 or greater for each funding year unless they are listed on the Register first.

A48.1. This also applies if the subcontract from you would take the total value of subcontracts that the subcontractor holds to deliver education and training funded by us to £100,000 or more.

A48.2. You must obtain this information from each proposed subcontractor and also refer to the latest published List of Declared Subcontractors and the Register.

A49 If a subcontractor you are using exceeds the £100,000 threshold and is not listed on the Register, you must immediately end your subcontract with that organisation. This applies regardless of whether you were the provider whose contract took the subcontractor over the threshold.

A50 You must ensure any subcontractor you appoint continues to meet the requirements of the Register and that you provide them with all the necessary support.

A51 You must not enter into new subcontracting arrangements or increase the value of your existing arrangements if any of the following circumstances apply. These conditions will continue until we are satisfied that the concerns have been addressed and the circumstances shown below no longer apply.

A51.1. If Ofsted has rated your leadership and management as inadequate.

A51.2. If you do not meet our Minimum Standards.

A51.3. If the outcome of your annual financial health assessment we carry out is inadequate.

Entering into a subcontract

A52 You must only award contracts for delivering funded provision to legal entities. If the legal entity is a registered company, it must be recorded as 'active' on the Companies House database.

A53 You must not award a subcontract to any organisation if:

A53.1. it has an above-average risk warning from a credit agency

A53.2. it has passed a resolution (or the court has made an order) to wind up or liquidate the company, or administrators have been appointed, or

A53.3. its statutory accounts are overdue

A54 You must make sure that learners and employers supported through subcontracting arrangements know about you and your subcontractor's roles and responsibilities in providing the learning.

A55 You must have a legally binding contract with each subcontractor that includes all the terms set out below in paragraph A58.

A56 You must have a contingency plan in place for learners in the event that:

A56.1. you need to withdraw from a subcontract arrangement

A56.2. a subcontractor withdraws from the arrangement, or

A56.3. a subcontractor goes into liquidation or administration

A57 You must make sure that the terms of your subcontracts allow you to:

A57.1. monitor the subcontractor's activity

A57.2. have control over your subcontractors, and

A57.3. monitor the quality of education and training provided by subcontractors

Terms that you must include in your contracts with subcontractors

A58 You must make sure your subcontractors:

A58.1. keep to our funding rules

- A58.2. provide you with ILR data so your data returns to us accurately reflect your subcontractor's delivery information
- A58.3. give us, and any other person nominated by us, access to their premises and all documents relating to SFA-funded provision
- A58.4. give you sufficient evidence to allow you to:
 - A58.4.1. assess their performance against Ofsted's Common Inspection Framework
 - A58.4.2. incorporate the evidence they provide into your self-assessment report, and
 - A58.4.3. guide the judgements and grades within your self-assessment report
- A58.5. always have suitably qualified staff available to provide the education and training we fund
- A58.6. co-operate with the lead provider to make sure that there is continuity of learning if the subcontract ends for any reason
- A58.7. tell you if evidence of any irregular financial or delivery activity arises. Irregular activity could include, but is not limited to:
 - A58.7.1. non-delivery of training when funds have been paid
 - A58.7.2. sanctions imposed on the subcontractor by an awarding organisation
 - A58.7.3. an inadequate Ofsted grade
 - A58.7.4. complaints or allegations by learners, people working for the subcontractor or other relevant parties, and
 - A58.7.5. allegations of fraud
- A58.8. are bound by European Social Fund (ESF) clauses from your funding agreement being then included in the subcontract, even if the provision being subcontracted is not funded by the ESF
- A58.9. do not use our funding to make bids for, or claims from, any European funding on their own behalf or on our behalf
- A58.10. do not use payments made as match funding for ESF co-financing projects

Monitoring

A59 You must manage and monitor all of your subcontractors to ensure that high-quality delivery is taking place that meets our funding rules.

A60 You must carry out a regular and substantial programme of quality-assurance checks on the education and training provided by subcontractors, including visits at short notice and face-to-face interviews with staff and learners. The programme must:

A60.1. include whether the learners exist and are eligible

A60.2. involve direct observation of initial guidance, assessment, and delivery of learning programmes

A61 The findings of your assurance checks must be consistent with your expectations and the subcontractor's records.

Second-level subcontracting

A62 You must get our written approval each year if you want to subcontract to a second level. We will only allow this in exceptional circumstances. You can find more information on GOV.UK.

A63 You must declare any second-level subcontracting on your Subcontractor Declaration Form.

Reporting subcontracting arrangements

A64 You must provide a fully completed Subcontractor Declaration Form by the dates we will give you. This will be at least twice during 2016 to 2017. If you do not return the form on time, we will suspend your payments. If you do not subcontract, you must still provide a nil return form to confirm this.

A65 You must also update and return your Subcontractor Declaration Form if your subcontracting arrangements change during the year.

Distributing income between you and your subcontractors

A66 You must review your supply-chain fees and charges policy and this must be signed by your governing body or board of directors and your accounting officer.

A67 You must publish your supply-chain fees and charges policy on your website before entering into any subcontracting agreements for the 2016 to 2017 funding year.

A68 Your fees and charges policy must only include 'provision subcontracting'. This is when you subcontract the delivery of full programmes or frameworks. It is not subcontracting a service as part of the delivery of a programme (for example, part of an apprenticeship framework or outreach support). If you are not sure whether your subcontracting is 'provision subcontracting', please discuss this with our Central Delivery Service.

A69 Employers receiving direct grant funding from us must publish information on their fees and charges policy for the 2016 to 2017 funding year online. Where this is not appropriate, they should send the information to their employer development manager. This information will then be held on record and be available for requests under the Freedom of Information Act.

A70 You must, as a minimum, include the following in your supply-chain fees and charges policy.

A70.1. Your reason for subcontracting.

A70.2. Your contribution to improving yours and your subcontractor's quality of teaching and learning.

A70.3. The typical percentage range of fees you retain to manage subcontractors, and how you calculate this range.

A70.4. The support subcontractors will receive in return for the fee you charge.

A70.5. If appropriate, the reason for any differences in fees or support provided to different subcontractors.

A70.6. Payment terms between you and your subcontractors; timing of payments in relation to delivering provision and timescale for paying invoices and claims for funding received.

A70.7. How and when the policy is communicated and discussed with current and potential subcontractors.

A70.8. Timing for policy review.

A70.9. Where the policy is published.

A71 You must also publish the actual level of funding paid and retained for each of your subcontractors in 2016 to 2017. You must publish this within 30 days of the [2016 to 2017 ILR closing](#).

A71.1. The actual level of funding paid and retained must only include 'provision subcontracting', which we define in paragraph A68.

A72 Employers receiving grant funding direct from us should publish their data online. Where this is not appropriate, they should send it to their employer development manager within 30 days of the 2016 to 2017 ILR closing. This information will then be held on record and be available under the Freedom of Information Act.

A73 You must include the following in your published supply-chain fees and charges alongside your supply-chain fees and charges policy.

A73.1. Name of the subcontractor.

A73.2. The [UK Provider Reference Number](#) of the subcontractor.

A73.3. Contract start and end date.

A73.4. Type of provision (for example, 16 to 18 apprenticeships, 19+ apprenticeships).

A73.5. Funding we have paid to you for provision delivered by the subcontractor in that funding year.

A73.6. Funding you have paid to your subcontractor for provision delivered in that funding year.

A73.7. Funding you have retained in relation to each subcontractor for that funding year.

A73.8. If appropriate, funding your subcontractor has paid to you for services or support you have provided in connection with the subcontracted provision.

Match funding requirements relevant to all programmes (except apprenticeship standards)

We procure and manage contracts for ESF-funded provision on behalf of local enterprise partnerships that meets local needs. This includes matching the ESF contract value to other similar funding and learners which we report to the ESF Managing Authority in England.

This means any learning activity funded by us becomes part of the ESF programme, and the ESF programme rules also apply and will be subject to our ESF compliance checks and external audit.

A74 You must not use the payments that we make as match funding for any ESF projects with any co-financing organisation or Managing Authority direct bids.

A75 You must return complete data and must only return 'not knowns' in exceptional circumstances. In particular, for employment status prior to starting, household situation, prior attainment and destination, as these are important for match funding.

A76 You and your subcontractors must follow the Retention of Documents, 'publicity' and Horizontal themes rules and provide evidence as detailed in the [ESF 2014 to 2020 funding rules](#).

A77 You and your subcontractors must follow the Evaluation, Surveys and Annual Implementation Reporting rules in the ESF 2014 to 2020 funding rules.

A78 You must keep to the rules of the ESF programme or you will break the conditions of your contract and this could result in us recovering funds.

Evidence

A79 You must hold evidence to assure us that you are using the funding appropriately. Most evidence will occur naturally from your normal business process.

Learner file (previously called Learning Agreement)

These rules only apply to the adult education budget and apprenticeship frameworks. Apprenticeship standards have their own rules set out in the specific apprenticeship standards rules.

A80 The learner file must contain evidence to support the funding claimed and must be available to us if we need it.

A81 Evidence in the learner file must assure us that the learner exists.

A82 The learner must confirm information they provide is correct when it is collected.

A83 If the time spent in learning is short, the level of evidence in the learner file would reflect this.

A84 Where you hold information centrally, you only need to refer to the source.

A85 If applicable, the learner file must confirm the following.

- A85.1. All information reported to us in the ILR and the Earnings Adjustment Statement (EAS), and if it applies, the supporting evidence for the data you report.
- A85.2. Your assessment and evidence of eligibility for funding and a record of what evidence the learner has provided.
- A85.3. All initial, basic skills and diagnostic assessments.
- A85.4. Information on prior learning that affects the learning or the funding of any of the learning aims or programme.
- A85.5. For 'personalised learning programmes', for example, learning not regulated by a qualification, full details of all the aspects of the learning to be carried out, including supporting evidence of the number of planned hours reported.
- A85.6. A description of how you will deliver the learning and skills and how the learner will achieve.
- A85.7. The supporting evidence about why you have claimed funding and the level of funding for a learner, including details of any learner or employer contribution.
- A85.8. Support needs identified, including how you will meet these needs and the evidence of that.
- A85.9. That learning is or has taken place (including a work placement, if the learner is taking part in a traineeship) and records are available.
- A85.10. A learner's self-declarations as to what state benefit they claim.
- A85.11. A learner's self-declarations on their status relating to gaining a job.
- A85.12. All records and evidence of achievement of learning aims or an apprenticeship or traineeship programme. This must be available within three months of you reporting it in the ILR.

A86 You must keep evidence that the learner is eligible for funding. Where the learner is unemployed this must include a record of what you have agreed with them, including the relevance of the learning to their employment prospects and the labour market needs.

A87 If a subcontractor delivers any provision to the learner, it must clearly identify who they are. This must match the information reported to us in the ILR.

A88 The learner file for an apprentice must also contain:

A88.1. the apprentice's job role

A88.2. relevant experience and achievements, both inside and outside their current working role

A88.3. the learning and skills they have to carry out while on their apprenticeship outside of named qualifications

A88.4. the name of the employer and the agreed contracted hours of employment, the total planned length of the apprenticeship, and

A88.5. confirmation that an apprenticeship agreement is in place or confirmation that the employer has been told about their legal duty for an apprenticeship agreement

A89 The learner file for a traineeship must also contain evidence of:

A89.1. a formal interview and feedback to the learner

A89.2. an exit interview, written feedback, and evidence of the time spent on, and activities performed during, work placements

A89.3. progression to a defined positive outcome within six months

Confirmation and signatures

A90 The learner or employer must confirm the information is correct when it is collected. You must have evidence of this, which can include electronic formats.

A91 We accept electronic evidence, including digital signatures, but you must have wider systems and processes in place to assure you that learners exist and are eligible for funding.

A92 You must keep effective and reliable evidence. You are responsible for making the evidence you hold easily available to us when we need it.

Starting, participating and achieving

A93 You can only claim funding for learning when activity directly related to the learning starts. This would not include enrolment, induction, prior assessment, diagnostic testing or similar activity.

A94 You must have evidence that the learning took place and that the learner was not just certificated for prior knowledge.

A95 You must retain evidence that the apprentice has achieved their apprenticeship.

A96 Where the learning is certificated you must apply for, and give learners, the certificates from awarding organisations for achieving a learning aim. You must evidence that this has happened in the learner file.

Leaving learning

A97 You must report the learning actual end date in the ILR for a learner who leaves learning as the last day that they took part in learning.

A98 If an apprentice leaves without achieving, the last date of learning for all learning aims, including the apprenticeship programme learning aim, is the last date where you have evidence that the apprentice was still in learning.

Individualised Learner Record

A99 You must accurately complete all ILR fields as required in the ILR Specification, even if they are not used for funding. Where your data does not support the funding you have claimed, we will take action to get this corrected and could recover funds.

A100 The ILR must accurately reflect what has happened. You must not report inaccurate information even where you perceived that this would result in a more equitable claim for funding or accurate record of performance.

Self-declarations by learners

A101 All self-declarations must confirm the learner's details and describe what the learner is confirming.

A102 If a learner self-declares prior attainment, you must check this in the personal learning record (PLR) and challenge any contradictory information with the learner. The PLR will not necessarily override the learner's self-declaration.

Eligibility for funding

A103 Providers must make sure that an individual is eligible before claiming funding for them.

A104 Most individuals will be eligible for funding if the learning is taking place in England and they:

A104.1. are a citizen of a country within the European Economic Area (EEA) or other countries determined within the EEA, or

A104.2. have the Right of Abode in the UK, or

A104.3. have been ordinarily resident in the EEA for at least the previous three years on the first day of learning

A105 If a learner does not meet these requirements you must ensure that the criteria set out in [The Education \(Fees and Awards\) \(England\) Regulations 2007](#) and [The Education \(Student Fees, Awards and Support\)\(Amendment\) Regulations 2011](#) are met.

A106 For apprenticeships, you must also make sure the individual has the right to work in England.

A107 You must not claim funding for an individual if any of the following apply.

A107.1. They are here illegally.

A107.2. They have overstayed their immigration or visitor visa.

A107.3. Their immigration status restricts access to government funding.

A108 You can find further information on eligibility from the [UK Council for International Student Affairs \(UKCISA\)](#).

16 to 18 apprenticeships

A109 16- to 18-year-olds are eligible to be funded for an apprenticeship if they meet the eligibility criteria of the EFA. You can find more information on the [EFA's website](#) .

Learners in the armed forces

A110 We will fund armed forces personnel, Ministry of Defence (MoD) personnel or civil and crown servants where the learning takes place in England. We will class members of the British armed forces on postings outside of the European Union (EU), including their family members, as ordinarily resident in the United Kingdom.

A111 Members of other nation's armed forces stationed in England and their family members are eligible for funding if the armed forces individual has

been ordinarily resident in England for three years. We will not fund family members that stay outside of England.

Learners temporarily outside of England

A112 If someone ordinarily resident in England works outside of England as part of their job, they are eligible for funding as long as some of the learning takes place in England. You cannot claim for the additional expense of delivering learning outside of England.

Learners who live in Wales, Scotland or Northern Ireland

A113 Wales, Scotland and Northern Ireland have their own funding arrangements. You must develop arrangements with the relevant devolved administration if you are planning to deliver a significant quantity of learning to non-English residents.

A114 You must not actively recruit learners who live or work outside of England.

A115 We will fund an individual who does not live in England, if specialist skills training is not available other than in England and they want to travel to, or live in England to study or learn. We do not expect these numbers to be significant.

A116 For workplace learning, we will not fund individuals whose main employment or normal place of work is not in England.

Apprenticeships: common funding rules

Introduction

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

- B1. This document sets out the common funding rules for all apprenticeships. You should read it with other relevant funding rules documents.
- B2. These are the funding rules for all apprenticeship frameworks and standards, including those delivered by higher education institutions. We will use the generic term apprenticeship for all types of apprenticeship, unless we state otherwise.
- B3. Apprentices must be an employee on the first day of their apprenticeship and be paid at least a wage consistent with the law for both the time they are in work and in off-the-job learning. You can find information on the definition of an employee on [GOV.UK](https://www.gov.uk) and information on the national minimum wage on [GOV.UK](https://www.gov.uk). The lead provider must retain evidence of the apprentice's employment.
- B4. To receive funding for an apprenticeship you must:
 - B4.1. be satisfied that this is the most appropriate learning programme and it is
 - B4.1.1. a new job role, or
 - B4.1.2. an existing job role, where the individual needs significant new knowledge and skills
 - B4.2. make sure the job allows the apprentice to gain the wider employment experience as part of the apprenticeship
 - B4.3. advertise new apprenticeship vacancies on [Find an apprenticeship](#), except where they are an existing employee
 - B4.4. close the advert once the vacancy has been filled
- B5. You must not ask an apprentice to contribute financially to the direct cost of learning. If providers charge an apprentice's employer, this is up to them. In an apprenticeship standard, the provider must charge the employer for a contribution towards the cost of the apprenticeship.

Starting an apprenticeship

- B6. For each apprentice, we will only fund a single apprenticeship at any one time. An apprentice must not progress onto another apprenticeship until they have completed or achieved and left their current apprenticeship.
- B7. An apprenticeship is a full-time programme. You must not claim funding where either you or another party claim funding from another government department or an agency, such as the Education Funding Agency or Department for Work and Pensions, for that individual.
- B8. We will not fund an apprenticeship delivered only by distance learning. You can include online and other blended learning activity as part of the delivery of an apprenticeship.
- B9. If an apprentice becomes self-employed during the apprenticeship, this will make their apprenticeship and funding ineligible at that point unless the apprenticeship framework falls within the alternative completion conditions. [The Apprenticeships \(Alternative English Completion Conditions\) Regulations 2012](#) and [The Apprenticeships \(Alternative English Completion Conditions\) \(Amendment\) Regulations 2013](#)
- B10. You must not use our funding to pay apprentices' wages.

Learner file and the evidence pack

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

Apprenticeship agreement

- B12. There must be evidence that an apprentice has an [apprenticeship agreement](#) at the start and throughout their apprenticeship, between the employer and apprentice as defined in the [Apprenticeships, Skills, Children and Learning Act 2009](#) (unless the apprenticeship framework is covered by the alternative completion conditions).
- B13. The apprenticeship agreement can be a written statement of particulars under the [Employment Rights Act 1996](#). Alternatively, it can be a contract of employment or a letter of engagement, where the employer's duty under the 1996 Act is treated as met.

Apprenticeship training agency (ATA)

- B14. An ATA must follow our ATA framework. You can find information on ATAs on [GOV.UK](https://www.gov.uk).
- B15. You must not employ apprentices solely to deliver an apprenticeship, unless employment is through a recognised apprenticeship training agency (ATA).
- B16. An ATA, an organisation whose main business is employing apprentices who are made available to employers for a fee, must:
 - B16.1. set up as a distinct legal entity so that apprentices can have employment contracts with the ATA
 - B16.2. report that the apprentice is employed by an ATA in the Individual Learning Record (ILR)
- B17. Group training associations that offer an ATA service to employers must follow ATA-specific rules.

Employment hours

- B18. You must:
 - B18.1 make sure that apprentices are employed for at least 30 hours a week
 - B18.2 record the agreed average weekly hours including study hours in the learner file
 - B18.3 ensure the apprentice spends a large proportion of their apprenticeship developing the skills of their job
 - B18.4 ensure the employer provides the apprentice with paid time to attend off-the-job training, including additional support for English and maths, or support accessed for learning difficulties and/or disabilities
 - B18.5 only train apprentices who work part-time for fewer than 30 hours a week, by exception, due to personal situations or because of the industry or job role. In these instances:
 - B18.5.1 the apprentice must work for at least 16 hours a week
 - B18.5.2 you must record the agreed average number of hours each week

- B18.5.3 you must evidence why this is required
 - B18.5.4 you must meet the minimum apprenticeship duration rule
 - B18.5.5 you must make it clear in an advert for a vacancy on [Find an apprenticeship](#) if the apprenticeship is for fewer than 30 hours a week
 - B18.5.6 Zero-hour contracts will only be accepted if there is a contract of employment that meets the funding rules in the paragraph above.
- B19. The employer must recognise that the apprentice must complete the apprenticeship within their working hours.
- B20. An apprentice must still meet the minimum employment hours if they work irregular working hours or are on a zero-hour contract. For an apprentice in these circumstances you must use a four-week rolling average to make sure they meet the employment hours funding rule. If the four-week rolling average falls below 16 hours, then the apprenticeship must be put on hold until the working hours increase to 16 or greater.
- B21. The planned length of the apprenticeship and average working-hour pattern must be clear when you advertise a vacancy on the [Find an apprenticeship](#) website.
- B22. If the number of part-time apprenticeships is large and you fail to evidence the exceptional reasons why, we will remove funding from you as part of the performance-management process.

Apprenticeship duration

- B23. The minimum duration of an apprenticeship is one year, unless:
- B23.1. the framework or standards specifications or assessment plans require it to be longer, or
 - B23.2. the apprentice is aged 19 or older, is following a framework and funding is reduced because of prior learning or achievement
- B24. Where the minimum duration is one year, the apprentice must be in learning on the anniversary of the date they started the apprenticeship.
- B25. If the minimum duration has not been met, you must not claim an Apprenticeship Framework Completion Certificate from Apprenticeship Certificates England. (Not applicable to apprenticeship standards.)

- B26. You must make sure that, the apprentice is involved in active learning or monitored workplace practice, throughout an apprenticeship. The apprentice can, after achieving all mandatory qualifications in a framework, stay in learning until they meet the minimum duration and embed the skills they have gained. You must have evidence that the apprentice continues in learning.
- B27. If the apprentice works part-time for fewer than 30 hours a week you must extend the minimum duration to take account of the shorter working time. For example, if the apprentice only works 20 hours a week, you must extend the end date by 50% – so, the apprentice must be in learning for at least 18 months. This would also apply where the working hours of an apprentice temporarily fall below 30 hours a week.

Transfers and breaks in learning and minimum duration

- B28. When an apprentice transfers between providers or returns after a break in learning:
- B28.1 You must have evidence that the total amount of time spent on their apprenticeship meets the minimum duration funding rule for the continued apprenticeship.
 - B28.1 If they start a new apprenticeship standard, framework or pathway, previous durations do not apply to meeting the minimum duration requirements.

English and maths

- B29. Frameworks and standards have specific funding rules on the delivery and achievement of English and maths, which you can find in the frameworks funding rules and the standards funding rules.

Second apprenticeships at the same or a lower level

- B30. If an apprentice starts a new job in a different occupation, we will fund them to do an apprenticeship at the same level as previously achieved.
- B31. We will fund another apprenticeship framework at the same or lower level if the apprentice needs to be multi-skilled for their occupation and if the learning is materially different to the apprenticeship they achieved previously. You must have evidence that the repeat or lower-level apprenticeship framework is supporting the apprentice in an extended job role.

B32. We will not fund another apprenticeship standard at a lower level than already achieved.

Apprenticeship learning support

B33. We will provide learning support for apprentices to help with learning that affects their ability to continue and complete their apprenticeship.

B34. This must not be used to deal with everyday difficulties that are not directly associated with an apprenticeship.

B35. You must:

B35.1. carry out a thorough assessment to identify the support the apprentice needs

B35.2. agree and record the outcome of your assessment in the learner file

B35.3. deliver support to meet the apprentice's identified needs, and review progress and continuing needs, as appropriate

B35.4. record all outcomes in the learner file and keep evidence of the assessment of the needs

B35.5. report in the ILR that an apprentice has a learning support need associated with an identified learning aim

B36. Learning support is earned at a fixed monthly rate, the same in both frameworks and standards, which should be enough to cover your costs. If the support cost exceeds that earned from the fixed monthly rate, and you provide evidence of this, you can claim excess learning support using the Earnings Adjustment Statement (EAS). You can find further information on the EAS [here](#).

B37. You can claim learning support as long as the learner needs support for the learning aim up to the learning actual end date.

B38. You must promptly claim for learning support from your apprenticeship budget through the ILR and the EAS. We will not pay you for claims from a previous funding year if you do not claim on time.

B39. The maximum value of learning support each year claimed through the monthly rate and excess learning support claimed through the EAS is £19,000. If learning support costs for an apprentice exceeds this maximum, we will need to authorise you to claim exceptional learning support.

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

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		£3,000	£4,500	£9,000	£12,000	£19,500	£27,000
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		£3,600	£4,900	£9,600	£12,800	£20,800	£28,800

- 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.
- 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 2016 to 2017 ILR Guidance	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 2016 to 2017 ILR Guidance	<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 2016 to 2017 ILR Guidance	<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 2016 to 2017 ILR Guidance	<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
57 and 58	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.
Apprenticeship: common funding rules 2016 to 2017	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
Apprenticeship: common funding rules 2016 to 2017	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.
Apprenticeship: common funding rules 2016 to 2017	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.
156, 112 to 118	Lead providers must receive and retain employer incentive claim forms.
75 and 76	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.
106 and 147	The employer and lead provider must agree a price and payment schedule for the apprenticeship standard and record the details in a written agreement.
145	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.
148	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.
148	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
59 and 60	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.
85	For apprenticeship standards, the evidence of completion we need is an apprenticeship completion certificate.
106	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.
59 and 60 Common funding rules for all apprenticeships 2016 to 2017	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.
27 and 28	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.
68	Lead providers and assessment organisations must have a written agreement in place outlining the arrangements for end-point assessment.
85	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.
125	Lead providers must retain evidence of payments they have made to assessment organisations for conducting end-point assessments.
27 and 28 106	Lead providers must keep evidence of employer cash contribution payments made and received for both training and end-point assessment.
151.6	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
114	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.
126 to 131	Evidence of any repayments made by an employer or provider. Suitable evidence could include financial system reports or other payment processing information.
134	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.
146	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.
147	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.
72	Second-level contracting. A request to second-level subcontract and copy of approval to second-level subcontract.
73	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.
169	Evidence of costs for direct grant employer direct delivery where these are counted as part of the employer contribution.
119 to 124	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.
108 to 110	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.

Glossary

20+ childcare	Within discretionary learner support, a category of support to assist learners aged over the age of 20 who are at risk of not starting learning or leaving learning due to issues in obtaining childcare.
Achievement funding	The proportion of our funding which is held back to be paid to a provider on the achievement of a learning aim or framework.
Advanced-level apprenticeship	An apprenticeship where learning is at Level 3.
Advanced apprenticeship in sporting excellence (AASE)	A framework where the main aim is at Level 3 and the apprenticeship is in an agreed list of sports where alternative completion conditions apply.
Alternative completion conditions	Agreed circumstances in which individuals do not need to have an apprenticeship agreement.
Apprenticeship agreement	An agreement between an employer and an apprentice in accordance with the Apprenticeships, Skills, Children and Learning (ASCL) Act 2009 sections 32 to 36.
Apprenticeship training agency (ATA)	An organisation whose main business is employing apprentices who are made available to employers for a fee.
Break in learning	When a learner is not continuing with their learning but has told you beforehand that they intend to resume their learning in the future.
Care to learn	A Department for Education scheme to assist young parents under the age of 20 with the childcare costs that may form a barrier to them continuing in education.
Components of regulated qualifications	A subset of a qualification, which could be a unit.
Direct costs of learning	Any costs for items without which it would be impossible for the learner to complete their learning aim. This can include the costs of registration, examination or any other activities or materials without which the learner cannot achieve their programme of study.

Distance learning	Learning delivered away from the learner's main place of employment or place of learning.
Earnings adjustment statement (EAS)	The form providers need to fill in to claim funding that cannot be claimed through the Individualised Learner Record.
Education Funding Agency (EFA)	The EFA is responsible for distributing funding for state education in England for 3- to 19-year-olds, as well as managing the estates of schools and colleges.
Education health care (EHC) plan	An EHC plan replaces statements of special educational needs and learning difficulties assessments for children and young people with special educational needs. The local authority has the legal duty to 'secure' the educational provision specified in the EHC plan, that is, to ensure that the provision is delivered.
Employed	An individual who has a contract of employment. This does not include individuals who are self-employed.
English for speakers of other languages (ESOL)	The study of English by speakers of other languages.
European social fund (ESF)	The ESF is a structural fund from the European Union. It improves the skills of the workforce and helps people who have difficulties finding work. We are a co-financing organisation for the ESF.
Exceptional learning support	Learning support when the needs of the learner are over £19,000 in a single year.
Find an apprenticeship	A website for employers and apprentices.
Flexible element	Within a traineeship, the elements that sit alongside the core elements to form the qualification.
Full Level 2	The following qualifications are now designated full at Level 2. <ul style="list-style-type: none"> • Five GCSEs at grade 5 and above, or C and above. • Technical Certificates at level 2 which appear in the 16 to 19 performance tables. • Other approved technical and professional qualifications at Level 2 which are part of the

	RQF and listed as a requirement of the legal entitlement, which must be at least 150 GLH.
Full Level 3	<p>The following qualifications are now designated full at Level 3.</p> <ul style="list-style-type: none"> • Quality Assurance Agency for Higher Education (QAA) Access to Higher Education Diplomas at level 3. • Two A-levels. • Tech Levels at level 3 which are in the 16 to 19 performance tables. • Applied general qualifications at level 3 which are in the 16 to 19 performance tables. • Other approved technical and professional qualifications at level 3 which are part of the RQF and listed as a requirement of the legal entitlement, which must be at least 300 GLH.
Functional skills	Applied practical skills in English, maths and ICT, that provide the learner with the essential knowledge, skills and understanding to enable them to operate effectively and independently in life and work.
Grant-funded providers	Providers with a financial memorandum or conditions of funding (grant).
Guided learning	<p>As defined by Ofqual: “The activity of the learner in being taught or instructed by – otherwise participating in education or training under the immediate guidance or supervision or – a lecturer, supervisor, tutor or other appropriate provider of education or training. For these purposes the activity of ‘participating in education and training’ shall be treated as including the activity of being assessed if the assessment takes place under the immediate guidance or supervision of a lecturer, supervisor, tutor or other appropriate provider of education or training.” You can find more information in the Ofqual General Conditions of Recognition September 2015.</p>
Hardship	Within Learner Support, a category of support to assist vulnerable and disadvantaged learners to remove barriers to education and training.
High needs students (HNS)	Those who need more support than normal to get access to, progress towards and successfully achieve their learning goals.

Higher and degree apprenticeships	An apprenticeship where the main learning is at Level 4 or above (including higher education qualifications).
The Hub	The Hub provides online services including the return of your individualised learner record (ILR) and completed EAS. You can also search all learning aims, components of qualifications, apprenticeship frameworks and standards along with their validity and funding details.
Immigration status	The permissions, or otherwise, granted by the government of the United Kingdom for an individual to reside here.
Individualised learner record (ILR)	The primary data collection requested from learning providers for further education and work-based learning in England. The data is used widely, most notably by the government, to monitor policy implementation and the performance of the sector. It is also used by organisations that allocate funding for further education.
Information advice and guidance (IAG)	Services available to learners to enable them to consider further learning opportunities, progression and career choices.
Intermediate-level apprenticeship	An apprenticeship where learning is at Level 2.
Job outcome payments	Payments made for learners who are unemployed at the start of learning who cease learning to take up a job.
Large employer	An organisation who appears on the large employer list because they, their subsidiary or their parent company, have cumulatively more than 1,000 employees, as recorded on the Employer Data Registration Service.
Learner file	<p>A collection of documents and information brought together to form a single point of reference relating to the learning that is taking place.</p> <p>This provides the evidence to prove that the learner exists and is eligible for funding, and for the learning to be provided.</p>
Learner support	Funding to enable providers to assist learners with a specific financial hardship that might prevent them from being able to complete their learning.

Learning aim reference number	The unique eight-digit code used to identify a specific learning aim .
Non-prescribed higher education (NPHE)	This includes regulated qualifications at Level 4 and above, offered by Ofqual-recognised awarding organisations. NPHE excludes first degrees, foundation degrees and higher nationals which are deemed prescribed higher education (PHE). Generally, NPHE will be technical and professional in nature.
Non-regulated activity	Learning which is not subject to awarding organisation external accreditation in the form of a regulated qualification. It may be designed for learning, delivered and certificated by a provider or another organisation. This could include: <ul style="list-style-type: none"> • independent living skills • employability and work skills • labour market re-entry • vocational tasters • engaging the hard-to-reach
Ofqual	The Office of Qualifications and Examinations Regulation which regulates qualifications, examinations and assessments in England and vocational qualifications in Northern Ireland.
Ordinarily resident	For funding purposes, a person who normally lives in the country, are allowed to live there by law, and return there after temporary trips outside the country. Temporary absences from a country due to the learner or a relevant family member working or travelling abroad would be discounted when considering ordinary residency.
Personal learning record (PLR)	A database which allows individual learners access to their past and current achievement records. These can be shared with schools, colleges, further education training providers, universities or employers.
Learning planned end date	The date entered onto the individualised learner record (ILR) when the learner is expected to complete their learning.
Prescribed higher education	Any provision at Level 4 or above which is classed as a first degree, foundation degree or higher national.
Provision subcontracting	When you subcontract the delivery of full programmes or frameworks. It is not subcontracting the delivery of a service as part of the delivery of a programme (for

	example, buying the delivery of a service as part of an apprenticeship framework or outreach support).
Recognition of prior learning (RPL)	An assessment method that considers whether a learner can demonstrate that they can meet the outcomes for a qualification or a component of a qualification through knowledge, understanding or skills they already have and so do not need to undertake a course of learning for that component or qualifications.
Register of training organisations (the Register)	A register that provides assurance on organisations that deliver education and training services by the SFA, or subcontractors with less than £100,000 in our supply chain. Organisations apply to enter the register by completing our market-entry pre-qualification process which includes due diligence questions and testing of capacity and capability.
Residential	Support provided under learner support to learners receiving specialist provision which involves a residential element, or to support learners who cannot receive provision locally.
Regulated qualifications framework (RQF)	The RQF provides a way of understanding and describing the relative level and size of qualifications. The RQF is a single regulatory framework containing a range of general and vocational qualifications.
Senior responsible person	For example: chief executive, managing director, principal or their equivalent.
Self-certification	A process where the learner is able to confirm something through their own signature.
Small or medium-sized enterprise (SME)	The category of micro, small and medium-sized enterprises made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euros, and/or an annual balance sheet total not exceeding 43 million euros.
Start of learning	The date on which learning begins. We do not consider enrolment, induction, diagnostic assessment or prior assessment to be part of learning.
State benefits	State benefits are contributions, both financial and non-financial, made by central and local government to individuals in certain circumstances to meet their day-to-day living needs.
Study programme	Study programmes are aimed at learners aged 16 to 19 and cover all levels up to Level 3. Funding is for each

	learner, rather than for each qualification and can only have one core aim at a time.
Subcontractor	A legal entity that has an agreement with you to deliver education and training funded by us.
Traineeship	A programme to help unemployed young people to develop the necessary skills and experience to progress to an apprenticeship or long-term work.
UK Provider reference number	A number given to all providers by the UK register of learning providers to enable them to be easily identified.
Unique learner number	A 10-digit number used to match a learner's achievement to their personal learning record (PLR).
Vulnerable student bursary	A bursary for 16- to 18-year-old learners undertaking a traineeship who fall under defined vulnerable groups.
Work placement	A placement with an employer in a workplace setting as part of a traineeship.
Work programme	A government programme operated by the Department for Work and Pensions aimed at getting long-term unemployed individuals into work.
Zero-hour contracts	Contracts which do not specify a set number of hours for the employee.



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