

25 April 2018

Dear Member

Apprenticeship funding rules update

The ESFA have amended the apprenticeship funding and performance management rules. These rules will be apply to all apprenticeship programmes starting on or after 1st May 2018. The following documents have been revised:

1. [Apprenticeship funding: rules and guidance for employers May 2017 to July 2018 version 3](#)
2. [Apprenticeship funding: rules for employer-providers May 2017 to July 2018 version 3](#)
3. [Apprenticeship funding and performance management rules for training providers May 2017 to July 2018 version 6](#)

A total of 70 changes have been made to the apprenticeship funding and performance management rules, most of these are revisions on for off-the-job training, clarification on subcontracting and the addition of new rules for the transfer of funds policy.

The main changes for employers to note are:

1. Further funding changes

- The revised funding rules only apply until July 2018. A new set of rules from August 2018 will be published for the 2018 to 2019 academic year and is likely to include changes to the funding bands, subcontracting rules and the 'transitional' measures for 16-18 uplift for frameworks.

2. Clarification of points

- The end-point assessment is part of the apprenticeship (for standards). Therefore, the length of the apprentice's contract of service should include the end-point assessment (where applicable).
- As well as appropriate support from the employer, the apprentice must also have appropriate supervision on the job.
- Apprentices must not be asked to contribute to the direct cost of an apprenticeship; this includes where they have left or completed the programme.
- There is no longer a need for further learning in order to retake mandatory qualifications or an end-point assessment, but if required the cost of additional learning can be included.
- The requirement for additional learning related to a resit of a mandatory qualification or an end-point assessment has now been removed.

3. Off-the-job training

- Language in this section has been updated to take into account the new Apprenticeships Regulations 2017 in relation to off-the-job training.

E29. Off-the-job training is training received by the apprentice, during the apprentice's **normal working hours**, for the purpose of achieving their apprenticeship. It is not training delivered for the sole purpose of enabling the apprentice to perform the work for which they have been employed.

E30. Off-the-job training must be directly relevant to the apprenticeship framework or standard, **teaching new knowledge, skills and behaviours required to reach competence in the particular occupation.**

- Training that is not required as part of apprenticeship is not considered as part of the 20% off-the-job training e.g. new skills for the job that are not directly relevant to the apprenticeships.
- Where off-the-job training is unable to take place, it must be rearranged and must take place during paid hours.
- 'Paid working hours' changed to 'paid hours' (to recognise period of leave etc). Paid hours mean the apprentice's normal contracted hours, this does not include irregular periods of overtime.
- English and maths should not be included in the 20% off-the-job training.

4. Introduction of transfer policy

- Confirmation of employment to include where an apprentice is funded by transfer of funds.
- New rule (from April 2018): Confirmation that levy transfers are subject to state aid regulations.
- New rules (from April 2018): From April 2018 employers can transfer up to 10% of their levy funds to another employer. These are new rules to support this process and may be subject to change.

5. Subcontracting

- **Agreeing the use of subcontractors with employers** - Clarification: Subcontractors can deliver part or full apprenticeships only where the main provider is delivering some of the employer's programme. Clarification: Clauses added to explain the rationale for the restrictions on second level subcontracting.
- **Special conditions for all instances where the employer is the delivery subcontractor** - Clarification: Creation of new subsection to re-emphasise that where the employer is the delivery sub-contractor, actual costs must be used (in the same way that an employer-provider can only work to actual costs). An employer should not make a profit on the delivery to their own employees.

6. Employer providers

- Where eligible costs are brought from a third party which is the apprentice's employer, then ESFA will only pay actual costs and this must be recorded.
- Employer-providers delivering to own staff are exempt from employer co-investment. The ESFA will continue to pay 90% of the total price.

Our Apprenticeship levy funding pack for employers has been updated accordingly with all new updates and/ clarification marked up in red, [click here](#) to access.

If you would like more detail on the funding changes, please contact [me](#).

Kind regards

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