



Department  
for Education

# **Apprenticeship funding: the eligible and ineligible costs of training**

**Government consultation response**

**September 2022**

# Contents

<b>Introduction</b>	<b>4</b>
Summary of responses received	4
<b>Main findings from the consultation</b>	<b>4</b>
<b>Question analysis: eligible costs</b>	<b>7</b>
Off-the-job training:	7
Additional learning and / or the cost to re-sit a mandatory qualification exam	8
Additional learning required to re-take an end-point assessment	9
Materials (non-capital items) used in the delivery of the apprenticeship	9
Registration, examination and certification costs for a mandatory qualification	10
Accommodation costs for training delivered through residential modules	10
Costs of an apprentice taking part in a skills competition	10
Regular planned on-programme assessments (progress reviews)	11
Formative assessment costs associated with a mandatory qualification	11
Administration directly linked to training and assessment	12
<b>Question analysis: ineligible costs</b>	<b>13</b>
Initial assessment (including recognition of prior learning) and initial diagnostic testing	13
Enrolment	13
Main provider (or subcontractor) induction	14
Travel costs for apprentices	14
Apprentice wages	15
PPE / clothing required by the apprentice for their job role	15
Development of original teaching materials related to a new apprenticeship offer	16
Off-the-job training delivered only by self-directed distance learning	16
Any training in excess of that required to achieve the apprenticeship	17
Any fees to third parties associated with a licence to practise	17
Any fees to awarding bodies for non-mandatory qualifications	17
Student membership fees	18
End-point assessment costs incurred by the main provider	18
English and maths up to level 2	19
Repeating the same regulated qualification where previously achieved	19
Accommodation costs where the apprentice is away from their home base	19
Capital purchases including lease agreements	20
Maintenance of capital purchases	20
Time spent by managers supporting or mentoring apprentices (non-training time)	21
Recruitment / continuing professional development (CPD) of staff involved in apprenticeships	21
Company inductions	21
Managing agents	22
Brokers / referral services	22
The costs of memberships or other costs to secure business	22
Inducements	23

<b>Question analysis: other costs</b>	<b>23</b>
Marketing	23
Information, advice and guidance (IAG) delivery to apprentices	24
Learner recruitment / sales team	24
Employer recruitment / sales team	24
Apprenticeship Training Agency (ATA) fees	25
Other overheads (not related to off-the-job training delivery)	25
The creation of line manager resources	25
Prevent / safeguarding agenda	26
Mock testing	26
Post-gateway activity	26
Periodic refresh of existing learning materials	27
Any other cost not covered by this review	27
<b>Next steps</b>	<b>28</b>

## Introduction

Apprenticeships play a vital part in the skills agenda of our country; they help employers to recruit the right people and they help individuals to develop the right skills. The Department for Education (DfE) is accountable to Parliament for the apprenticeship budget and we have a duty to safeguard and manage apprenticeship funding in line with the principles set out in [Managing Public Money](#); this includes achieving value for money for the taxpayer.

To be sure that the apprenticeship budget is being used in the most appropriate way, and to support the [Institute for Apprenticeships and Technical Education](#) (IfATE) in their development of a new funding model for the programme, we committed to undertake a review of the eligible and ineligible costs of apprenticeship training.

The consultation was launched on 10 December 2020 with an initial intention to implement any changes in academic year 2021 / 2022 (from 1 August 2021). This implementation date was delayed by 12 months as a result of the Government's Spending Review in October 2021. We are now able to confirm the changes that we have made for academic year 2022 / 2023 (from 1 August 2022). For the purposes of this document we refer only to main providers; however, the eligible and ineligible costs policy also applies to employer-providers.

## Summary of responses received

The consultation, which included 89 questions against 49 cost areas, was sent to 642 invitees on 10 December and was open for 4 weeks. For each area, we defined the cost area and outlined our existing rationale for either allowing, or not allowing, the specific cost area to be included in the price of training and on-programme assessment that is agreed between a main provider and an employer. We asked respondents for their view of whether apprenticeship funding should fund this cost area. We received 78 responses (12% return), from main providers, provider representative organisations, employer-providers and employers, which gave us almost 7,000 pieces of feedback to consider.

## Main findings from the consultation

### General approach

In the consultation we asked if the current approach, of having a list of eligible costs and a list of ineligible costs, was the right one, or whether there was an alternative approach that would equally safeguard how apprenticeship funding was used. Respondents were broadly in support of our current approach. Those in favour felt the two lists help to ensure transparency and help to protect the apprenticeship budget from being used inappropriately.

Some respondents asked for the information against each cost area to be more detailed, with additional examples where possible. Those against the current approach felt that the lists were not required and that main providers should be trusted to use apprenticeship funding appropriately.

We can confirm that we will continue to use an eligible costs list and an ineligible costs list in the apprenticeship funding rules, to provide clarity, transparency, and to safeguard and manage apprenticeship funding in line with the principles set out in Managing Public Money. These lists will be used by IfATE to assess the typical costs of delivery and to make funding band recommendations for apprenticeship standards. As a result of the feedback received in the consultation, we will make the information in both lists clearer and will provide additional examples, where appropriate.

### **Summary of changes - eligible costs list**

The following cost area has added to the eligible costs list:

- Initial assessment (including the subsequent enrolment of the apprentice). This was previously an ineligible cost.

The following cost areas will remain as eligible costs (with additional information or examples added to the cost area, where appropriate):

- Off-the-job training.
- Additional learning and / or the cost to re-sit a mandatory qualification exam (note that re-sits are now limited to one per mandatory qualification).
- Additional learning required to re-take an end-point assessment.
- Materials (non-capital items) used in the delivery of the apprenticeship.
- Registration, examination and certification costs for a mandatory qualification (note that this area has been renamed to 'peripheral costs').
- Accommodation costs for training delivered through residential modules.
- Costs of an apprentice taking part in a skills competition.
- Regular planned on-programme assessments (note that this area has been renamed to 'progress reviews').
- Formative assessment costs associated with a mandatory qualification.
- Administration directly linked to training and assessment, including the end-point assessment (note that this area has been renamed to 'programme governance, management and administration').

### **Summary of changes - ineligible costs list**

The following cost areas have been added to the ineligible costs list:

- Lead generation activities (including marketing and promotion, first-contact / light-touch pre-screening activity, information, advice and guidance delivery, internal sales teams and external referral services to source employer or learner leads).

- Student support services, graduation ceremonies and celebration events.
- Wider business costs (e.g. insurance, rent / rates, utilities, building maintenance, phone systems, library service), and the cost of non-apprenticeship personnel (e.g. finance, HR, procurement) where these costs are not directly attributable to the programme.
- Flexi-Job Apprenticeship Agency fees.
- Re-sit costs (beyond the first re-sit which remains eligible for funding).
- The creation of line manager resources.
- Learning support assessment costs and monthly payments.
- Mock testing and exam revision.
- Depreciation of capital items.

The following cost areas will remain as ineligible costs (with additional information or examples added to the cost area, where appropriate):

- Main provider (or subcontractor) induction.
- Travel and subsistence costs for apprentices.
- Apprentice wages.
- PPE / clothing required by the apprentice for their job role.
- Development of original teaching materials related to a new apprenticeship offer.
- Any training in excess of that required to achieve the apprenticeship.
- Any fees to awarding bodies for non-mandatory qualifications.
- Student membership fees.
- End-point assessment costs incurred by the main provider.
- English and maths up to level 2.
- Repeating the same regulated qualification where previously achieved.
- Accommodation costs where the apprentice is away from their home base.
- Capital purchases including lease agreements.
- Maintenance of capital purchases.
- Time spent by managers supporting or mentoring apprentices (non-training time).
- Recruitment / continuing professional development of staff involved in apprenticeships.
- Company inductions (area renamed as employer inductions).
- Brokers / referral services.
- The costs of memberships or other costs to secure business.
- Inducements.

### **Summary of changes - other**

- Off-the-job training delivered only by self-directed distance learning: this text has been transferred to the off-the-job training section of the apprenticeship funding rules.
- Any fees to third parties associated with a licence to practise: this terminology has been removed because it has been superseded by the [mandatory qualifications policy](#).
- Managing agents: this activity is now included in the ineligible cost of 'memberships or other costs to secure business'.

We have not included any reference to a cost area of 'post-gateway activity'. No cost should be entailed at this stage of the apprenticeship as the end-point assessment should follow on from the end of the practical period of training.

## **Question analysis: eligible costs**

Eligible costs are costs that can be included in the price of training and on-programme assessment that has been negotiated and agreed by a main provider and an employer.

### **Off-the-job training:**

While all respondents agreed that off-the-job training should remain as an eligible cost, some wider issues were raised, including what could reasonably be included within this cost area and the role of the employer in the delivery of this training.

#### **Government response: keep as an eligible cost (no change)**

We can confirm that off-the-job training, which meets the definition provided in the apprenticeship funding rules and delivered through a main provider, a supporting provider or an employer-provider (who must only claim actual costs), will remain an eligible cost and that this will include:

- Relevant tutor costs (i.e. salary, on-costs, travel and subsistence claims). By on-costs we mean employer pension contributions and national insurance. Travel and subsistence costs must directly relate to apprenticeship delivery.
- Delivery location costs (i.e. room hire or a proportionate contribution to the necessary facilities and overheads) that enable the delivery of off-the-job training to take place.
- Learning materials used in the delivery of the apprenticeship (e.g. printed, audio / visual or electronic / interactive materials), including any relevant software licences to access these materials where the licence cost is at apprentice level. Learning materials can be developed in-house or bought from a third party and can be refreshed periodically (e.g. to respond to revisions in the standard, learner and employer feedback).
- Training associated with a mandatory qualification. Mandatory qualifications that comply with the mandatory qualifications policy will be fully funded; by this we mean we will fund the training content plus any peripheral costs such as registration, on-programme assessment, examination and certification.

- Relevant training associated with a non-mandatory qualification. For a non-mandatory qualification we will only fund relevant training, where there is a clear overlap between the qualification and the knowledge, skills and behaviours required by the apprenticeship; we will not fund training that is not relevant to the standard, or the registration, on-programme assessment, examination, or certification costs.
- Costs of an employer supporting or mentoring an apprentice, where this is required by the standard and part of the agreed training plan; by this we mean the delivery of knowledge, skills and behaviours directly linked to the apprenticeship. The direct link must be documented as part of the off-the-job training evidence. The employer must be a supporting provider or an employer-provider who can receive apprenticeship funding (unless the employer is exempted from the requirement to be on the Register of Apprenticeship Training Providers).

We have removed the terminology of a licence to practise from this cost; this has been superseded by the mandatory qualifications policy. IfATE will review any outstanding licences to practice that remain in apprenticeship standards in due course.

We have also moved the self-directed distance learning rule to the off-the-job training section of the apprenticeship funding rules.

## **Additional learning and / or the cost to re-sit a mandatory qualification exam**

With regards to additional learning, some respondents stated this activity had already been funded and so shouldn't be funded again, while others regarded it as 'missed learning' that didn't 'catch' with the apprentice first time and so should be funded. With regards to the re-sit costs, the feedback suggested that it would be unreasonable to expect every apprentice to pass everything first time, for a variety of reasons (e.g. some apprentices find formal learning, particularly exams, a challenge). Many said it would be a waste of the public money already invested in the apprentice if they were not able to re-sit an exam for cost reasons alone, in order to achieve their apprenticeship. A parallel was made with other DfE funded programmes, such as GCSEs and A-levels where re-sits are publicly funded.

### **Government response: keep as an eligible cost (no change)**

We can confirm that additional learning, required to re-sit an exam linked to a mandatory qualification will remain an eligible cost. This is to allow the apprentice the opportunity to pass a mandatory qualification and therefore their apprenticeship. However re-sits will now be capped at one re-sit per mandatory qualification. Apprentices should not be put forward for an exam for which they are not adequately prepared. The cost of additional re-sits should be agreed between the main provider and the employer.



## **Additional learning required to re-take an end-point assessment**

We had mixed feedback on this area. Some respondents thought additional learning prior to a second end-point assessment should be funded, especially if the reason for failure was a long gap between the training end date and the first end-point assessment. Others said not funding the area would ensure candidates are only put forward for their end-point assessment when they are ready.

### **Government response: keep as an eligible cost (no change)**

We can confirm that additional learning, required to re-take an end-point assessment, will remain an eligible cost. This is to remain consistent with our position on additional learning required for a mandatory qualification re-sit. Gateway arrangements, including the decision to put an apprentice forward for end-point assessment, must be robust and the end-point assessment must be timely and follow on as soon as possible from the practical period of apprenticeship training.

(Note that the cost of a repeat end-point assessment was outside the scope of this review. The eligible costs associated with end-point assessments are included in the [‘conditions of acceptance’](#) document rather than in the apprenticeship funding rules).

## **Materials (non-capital items) used in the delivery of the apprenticeship**

All respondents supported the continued funding of materials that are critical to off-the-job training delivery. However, some feedback asked for the existing definition, in relation to tablets and similar electronic devices that support access to learning materials, to be changed. Feedback also suggested that there was some uncertainty whether personal protective equipment (PPE) used in a training environment was an eligible cost.

### **Government response: keep as an eligible cost (no change)**

We can confirm that materials (non-capital items) used in the delivery of the apprenticeship will remain an eligible cost; to not do so would mean that training in some occupational areas would become simulated and theoretical which adds little value. By physical materials we mean the equipment or supplies necessary to enable a particular learning activity to happen (e.g. perishable ingredients for a catering apprenticeship). These items would not normally have a lifespan beyond the individual apprenticeship being funded.

PPE used exclusively in the training environment can be included in this area and we have made this clear in the 2022 / 2023 apprenticeship funding rules.

We continue to regard tablets and similar electronic devices, that support access to learning materials, as capital equipment as these items have a longer lifespan and can be used by multiple learners.

Materials in this cost area are mainly 'physical' materials. We have separately clarified the position of 'learning' materials within the off-the-job training section above.

## **Registration, examination and certification costs for a mandatory qualification**

All respondents agreed that public funding should continue to support the peripheral costs of a mandatory qualification that has been included in an apprenticeship standard (i.e. registration, examination and certification); without this qualification the apprentice cannot achieve the apprenticeship. As stated above, we have removed the terminology of a licence to practise from the apprenticeship funding rules and IfATE will review apprenticeship standards for any residual references to a licence to practise in due course.

### **Government response: keep as an eligible cost (no change)**

We can confirm that registration, examination and certification costs for a mandatory qualification will remain an eligible cost. We will also include formative on-programme assessment costs and re-sits within this cost area going forward.

## **Accommodation costs for training delivered through residential modules**

Although some respondents were unclear why the Level 5 Advanced Dairy Technologist standard had been singled out to include an eligible residential cost element, the majority agreed that if the requirement was mandatory, in the standard or end-point assessment plan, then it should continue to be funded. Some respondents reported that residential costs are also sometimes needed to enable a learner to reach niche or geographically distanced provision, or to aid team building activities.

### **Government response: keep as an eligible cost (no change)**

We can confirm that accommodation costs for training delivered through residential modules will remain an eligible cost, but only where the residential training is a mandatory requirement for all apprentices. By mandatory we mean that there is a specific requirement, written into the apprenticeship standard or the end-point assessment plan, which would apply equally to any apprentice, regardless of their location, employer, or main provider. As of 1 August 2022, this relates only to the Level 5 Advanced Dairy Technologist standard and we have added this clarification to the 2022 / 2023 apprenticeship funding rules.

## **Costs of an apprentice taking part in a skills competition**

Whilst some respondents suggested that a skills competition is a test of existing skills and knowledge rather than the delivery of new skills, and so shouldn't be funded, others felt

that keeping participation in skills competitions as an eligible cost raises the awareness of relevant competitions and enhances an apprentice's overall experience.

**Government response: keep as an eligible cost (no change)**

We can confirm that the costs of an apprentice taking part in a skills competition will remain an eligible cost, provided the employer and main provider have agreed that participation in the competition directly helps the individual to achieve the apprenticeship. The competition is regarded as a vehicle by which to deliver off-the-job training so any costs must be specifically linked to this delivery. As with other delivery methodologies, supplemental costs (e.g. travel and accommodation) are excluded. This cost area includes any appropriate competition, including WorldSkills.

**Regular planned on-programme assessments (progress reviews)**

Without exception all respondents supported the continued funding of an on-programme assessment (progress review). Some feedback suggested that the name was confusing and we should rename the activity to 'progress review'.

**Government response: keep as an eligible cost (no change)**

We can confirm that progress reviews (note the name change) involving the main provider, employer and apprentice, to collectively discuss the progress to date of the apprentice against the training plan and the immediate next steps required, will remain an eligible cost. This activity increases the likelihood of the apprentice completing the programme, by ensuring regular dialogue, a shared understanding of progress between the three parties (apprentice, main provider and employer), and early intervention where necessary. A new section in the 2022 / 2023 apprenticeship funding rules has been introduced to outline our minimum requirements of this activity, including the frequency of the intervention. It should be noted that a progress review in itself does not deliver new skills and therefore, whilst the activity is fundable, the time spent on this activity does not count towards the off-the-job training policy.

**Formative assessment costs associated with a mandatory qualification**

All respondents felt that this should continue to be funded because the qualification is mandated in the standard and periodic or modular assessment is often a specific requirement of the mandated qualification. Some respondents queried why this cost was only linked to mandatory qualifications.

**Government response: keep as an eligible cost (no change)**

We can confirm that formative assessment costs associated with a mandatory qualification will continue to be an eligible cost. Formative assessment costs will continue to relate only

to mandatory qualifications; the use of a non-mandatory qualification is an employer choice, so we will only fund the training which overlaps with the knowledge, skills and behaviour requirements of the standard.

## **Administration directly linked to training and assessment**

There was overwhelming support in favour of continuing to fund this area, which was considered to be vital to the delivery of an apprenticeship. Feedback suggested some of these activities are carried out by professional educators and senior managers, rather than administrators. With regards to additional examples for clarity, some respondents welcomed this but many thought having a finite list could prove excessively onerous.

### **Government response: keep as an eligible cost (no change)**

We can confirm that administration directly linked to training and assessment will continue to be an eligible cost. We will rename this cost area to 'programme governance, management and administration', to signal that we accept the activities in this section are not necessarily carried out by administrators. This cost area can include, for example:

- The costs relating to lesson planning, quality assurance and the management of subcontractors;
- Proportionate salary and on-costs of staff who are directly involved in the governance, management and administration of the apprenticeship programme;
- Administration costs of arranging the end-point assessment;
- The costs of collecting and reporting employer co-investment and the costs of using an apprenticeship software system to return management information (e.g. salary and on-costs of management information staff and the software licences to operate the MI system); and
- For the nursing associate apprenticeship only, the costs of hosting an external placement.

Costs associated with tailoring or periodically updating existing teaching materials have been incorporated into the off-the-job training section.

## **Question analysis: ineligible costs**

Ineligible costs are costs that must not be included in the price of training and on-programme assessment negotiated and agreed by the employer and the main provider.

### **Initial assessment (including recognition of prior learning) and initial diagnostic testing**

The vast majority of respondents felt that government should fund the initial assessment (including any diagnostic testing where required). Primarily this was because the initial assessment is mandated by the apprenticeship funding rules and is therefore required to deliver the programme. The definition of the activity provided in the consultation document was considered to be too narrow; respondents commented that without understanding the prior learning and experience, aptitudes and motivations of a candidate, the tailor-made learning programme that we expect all main providers to offer and deliver to apprentices cannot be developed. It was suggested that keeping this area as an ineligible cost could result in programmes that are not personalised, leading to a poor learner experience, higher levels of early leavers and a lower return on investment.

#### **Government response: change from an ineligible cost to an eligible cost**

We can confirm that initial assessment will become an eligible cost for new starts from 1 August 2022. As initial assessment was variously described in the feedback, we have been clear in the 2022 /2023 apprenticeship funding rules about our minimum requirements for this activity. This includes an assessment of learner eligibility, identification and recognition of prior learning and experience, and an initial check for learning difficulties and / or disabilities. We have also been clear that the main provider, employer and apprentice must have a shared understanding of the initial assessment results and how these will inform a tailored training plan. First-contact activity / light touch pre-screening activity that may take place prior to a full initial assessment will remain an ineligible cost.

## **Enrolment**

The vast majority of respondents stated that the government should fund enrolment, primarily because the apprenticeship cannot be delivered without it. The definition provided in the consultation document was challenged as being too narrow. Respondents stated that as well as the collection of eligibility evidence, enrolment was also about having effective dialogue with the apprentice and employer around the results of the initial assessment and the development of the subsequent training plan, thus allowing for a shared understanding of the programme from the beginning. It was suggested that keeping the area an ineligible cost could lead to a poor learner and employer experience.

**Government response: change from an ineligible cost to an eligible cost (include as part of the new initial assessment cost area)**

We can confirm that the administration related to the subsequent enrolment (onboarding) of the apprentice will be included within the new eligible cost of initial assessment, for new starts from 1 August 2022. We have been clear in the apprenticeship funding rules about our minimum requirements for this activity and this will include the collection of evidence to support the initial assessment, supporting the employer with their apprenticeship service account and the apprenticeship agreement; and developing and agreeing the training plan with the employer and apprentice.

**Main provider (or subcontractor) induction**

The majority of respondents felt that the government should fund this cost area, primarily because a main provider induction makes it clear to the apprentice the required behaviours to be followed, as well as covering key topics such as health and safety.

**Government response: keep as an ineligible cost (no change)**

We can confirm that main provider (or subcontractor) induction will remain an ineligible cost. The key essentials that enable an apprentice to begin their programme (e.g. development of the training plan) are covered under the new eligible cost of initial assessment; if main providers wish to supplement this activity with their own procedures they must do so at their own cost.

**Travel costs for apprentices**

Most respondents agreed that travel costs should continue to be an ineligible cost. It was also noted that while remote and on-line delivery has increased, thus reducing the need for travel, access to provision from rural areas, main provider cold spots and travel costs for redundant apprentices can still be issues. Respondents felt that there was no need to add further information to the £1,000 additional payment section (i.e. to explain that funding can be used on travel costs).

**Government response: keep as an ineligible cost (no change)**

We can confirm that travel costs for apprentices, including travel to off-the-job training, will remain an ineligible cost. We have added subsistence to this cost area and the employer or apprentice must meet both these costs. Many employers have travel and subsistence arrangements in place which an apprentice may be able to access. We can also confirm that the £1,000 additional payment, which is given to both the main provider and the employer for priority learners (16-18-year olds, some 19-24 year-olds and care leavers), can be used to cover travel costs.

Apprentice travel is not required for all delivery models, which may benefit those in rural areas and help with main provider cold spots. Ultimately, main provider selection is an employer choice and accessibility and travel should be a factor in making this decision. In the case of redundancy, apprentices should consider any travel costs before deciding to continue with their programme.

## **Apprentice wages**

There was little support for making the apprentice wage an eligible cost. Respondents felt the apprentice wage should be funded by the employer on the basis that the apprentice is contributing productively to the business and the employer is benefitting from their increased skills and occupational competence. It was also noted that during the programme, while the apprentice is not yet fully occupationally competent, the employer can take advantage of the apprentice rate of the National Minimum Wage.

### **Government response: keep as an ineligible cost (no change)**

We can confirm that apprentice wages will remain an ineligible cost. This includes the costs associated with the back-fill of an apprentice while they attend off-the-job training. The apprenticeship is an employed status programme and it is the responsibility of the employer to pay the wages of all employees, including apprentices.

## **PPE / clothing required by the apprentice for their job role**

There was little support for making PPE / clothing required for the apprentice's job role an eligible cost; it was well accepted that the employer should fund this area. It was noted that some companies in particular sectors require their employees, including apprentices, to pay for their company uniform (in hospitality) or their equipment (e.g. scissors in hairdressing) through a monthly deduction in wages. Respondents asked for clarity on the position of PPE that is required for off-the-job training and we have confirmed that this is an eligible cost under the eligible cost heading of 'materials' (see page 9).

### **Government response: keep as an ineligible cost (no change)**

We can confirm that PPE / clothing required by the apprentice for their job role will remain an ineligible cost; both would be required regardless of the individual's participation in the apprenticeship programme. It is the employer's responsibility to pay for PPE that is required by the apprentice to carry out their day job. In relation to uniforms, employers can

require their employees to pay for uniforms, provided there is a contractual provision in place and this doesn't take the individual's wage below the National Minimum Wage<sup>1</sup>.

## **Development of original teaching materials related to a new apprenticeship offer**

While some respondents thought that a main provider, who chooses to deliver a new standard, should be responsible for the cost of developing their own learning materials, others thought this area should become an eligible cost. Respondents felt not funding this area could disincentivise the development of new provision and increase main provider cold spots. Respondents felt it was difficult to split the development of original teaching materials from the periodic refresh (to keep existing materials up to date) and the tailoring of materials to suit a particular cohort or employer.

### **Government response: keep as an ineligible cost (no change)**

We can confirm that the development of original teaching materials, related to a new apprenticeship offer, will remain an ineligible cost. It is a business decision for a main provider to diversify their apprenticeship offer and they will incur a cost in doing so in anticipation of a subsequent return on this investment. We have been clearer in the 2022 / 2023 apprenticeship funding rules about how this cost differs from the periodic refresh and tailoring of learning materials, which are eligible costs under 'off-the-job training'.

## **Off-the-job training delivered only by self-directed distance learning**

This area was not included in the review; this is because it is not a cost area per se, rather it is an instruction (to a main provider or an employer-provider) that the apprenticeship programme cannot be delivered in this way.

### **Government response: transfer text to off-the-job training section**

We have transferred this funding rule from the ineligible costs list to the off-the-job training section of the 2022 / 2023 apprenticeship funding rules.

---

<sup>1</sup> <https://businessadvice.co.uk/hr/employment-law/employees-pay-for-work-uniforms-minimum-wage/>



## **Any training in excess of that required to achieve the apprenticeship**

There was no support for this to become an eligible cost; most respondents thought that the employer should continue to fund this area. With regards to keeping the additional training off the training plan, feedback was mixed. Some felt it was easier administratively to capture all the training (no matter how funded) within one document, others felt it would be confusing to mix apprenticeship and non-apprenticeship information together.

### **Government response: keep as an ineligible cost (no change)**

We can confirm that any training in excess of that required to achieve the apprenticeship will remain an ineligible cost. By this we mean any training, optional modules, educational trips or trips to professional events, in excess of those required to achieve the apprenticeship. The apprenticeship budget should fund only what is required rather than what is desired. As the additional activity is not part of the apprenticeship, it should not appear on the training plan or be included in the off-the-job calculation or evidence.

## **Any fees to third parties associated with a licence to practise**

Respondents agreed with the rationale for not funding the peripheral costs of a licence to practise (LTP) (i.e. it was understood the license would be needed irrespective of the person being an apprentice). However, feedback suggested that the terminology was confusing, especially where the LTP had been marked in the standard as mandatory.

### **Government response: remove terminology from apprenticeship funding rules**

We can confirm that we have removed the terminology of a licence to practise from the apprenticeship funding rules; this terminology has been superseded by the mandatory qualifications policy. In future, for funding purposes, if a qualification is marked in a standard as a mandatory qualification all costs will be funded. If the employer and main provider choose to use a non-mandatory qualification, we will only fund the training which overlaps with the knowledge, skills, and behaviour requirements of the apprenticeship. We have outlined this in the 2022 / 2023 apprenticeship funding rules (in the 'off-the-job training' eligible cost) and we believe that this change will simplify the area.

## **Any fees to awarding bodies for non-mandatory qualifications**

Respondents largely agreed that if a qualification was not required to achieve the apprenticeship it was reasonable for these fees to not be funded. This was an area that attracted a lot of wider comments, about the position of non-mandatory qualifications within standards and we have relayed these comments to IfATE.

### **Government response: keep as an ineligible cost (no change)**

We can confirm that fees to awarding bodies for non-mandatory qualifications will remain an ineligible cost. If a qualification is non-mandatory, then the employer should continue to be liable for the peripheral costs of registration, examination and certification as these fees are a result of their choice to pursue a qualification which the apprenticeship does not require. We will continue to fund the relevant training from a non-mandatory qualification and this has been made clear in the 2022 / 2023 apprenticeship funding rules.

### **Student membership fees**

Respondents expressed concerns that some awarding bodies for mandatory qualifications require the apprentice to hold a student membership, and where there was only one available awarding body option this reduced choice for the main provider and the employer. There was mixed employer feedback on whether the student membership was a requirement of the job role and therefore of benefit to the employer and / or the apprentice.

### **Government response: keep as an ineligible cost (no change)**

We can confirm that student membership fees will remain an ineligible cost. This is because there are wider benefits to student membership that apprenticeship funding should not be underwriting. These can typically include access to the regulatory body's library / journals, a monthly magazine, discounts on other training / events, and subsidised attendance at awards / dinners. There are also tax implications for student memberships. IfATE will consider these fees when determining the approval of an apprenticeship which involves any alignment to student membership.

### **End-point assessment costs incurred by the main provider**

Many respondents felt that the information we provide on this cost is clear. Others cited the significant administrative costs of arranging the end-point assessment (EPA) and were unaware that this is already an eligible cost (under administration). Some main providers reported confusion around the area of invigilation, which they felt was the responsibility of the end-point assessment organisation (EPAO). Wider comments, over and above the cost aspect, were received including whether it should be the employer's role to engage with an EPAO and the impact of the continued development of integrated apprenticeships on the value of EPA; both were outside the scope of this review.

### **Government response: keep as an ineligible cost (no change)**

We can confirm that end-point assessment (delivery) costs incurred by the main provider will remain an ineligible cost. This is because all costs related to the delivery of the EPA (except for the administrative cost of arranging the assessment, which can already be included under the eligible cost of administration) must be included in the price negotiated

between the employer and the EPAO (and reported to us in field TNP2 on the Individual Learner Record (ILR)). These costs must not be included in the cost of training (field TNP1 on the ILR).

## **English and maths up to level 2**

This area was not included in the review; this is not an ineligible cost per se but rather an instruction not to include this cost in the price of training.

### **Government response: keep as an ineligible cost (no change)**

We can confirm that English and maths up to level 2 will remain an ineligible cost. This is because these qualifications, where needed, are funded separately and so must not also be included in the price of training.

## **Repeating the same regulated qualification where previously achieved**

The vast majority of respondents were comfortable with this rule and thought the employer (or apprentice) should continue to fund this cost, outside of the apprenticeship.

### **Government response: keep as an ineligible cost (no change)**

We can confirm that repeating the same regulated qualification where previously achieved will remain an ineligible cost. This is because it is not required for the apprenticeship (e.g. where the apprentice already has a grade that is sufficient to complete the apprenticeship).

## **Accommodation costs where the apprentice is away from their home base**

The majority of respondents thought that the employer should continue to fund this cost unless a residential requirement was specified as a mandatory outcome of the standard. Some feedback raised specific concerns, such as limited main provider coverage requiring the apprentice to travel if the training is to be delivered face-to-face. There was also some feedback around accommodation costs associated with outward-bound courses, which some main providers choose to use.

### **Government response: keep as an ineligible cost (no change)**

We can confirm that accommodation costs where the apprentice is away from their home base will remain an ineligible cost. This is because the employer is able to choose a main provider which best meets their requirements and should consider location when making this decision. Our position on outward-bound provision is that the apprentice does not need to stay overnight to develop the required behaviours.

## **Capital purchases including lease agreements**

This area generated a high number of responses. Some respondents felt that in taking the commercial decision to enter the apprenticeship market, a main provider should accept that they will need to acquire the necessary buildings, plant and equipment to deliver the programme. Others felt this should become an eligible cost because without financial support, some capital intensive standards may not be financially viable to deliver. Generally, respondents also equated high-quality provision in these areas with investment.

There were a range of other comments. Many respondents highlighted the perceived lack of fairness between provider types and their relative access to capital funding. Many did not understand why 'tablets and similar electronic devices' were included within the capital definition. There were also some comments on non-classroom training spaces used for the delivery of off-the-job training.

### **Government response: keep as an ineligible cost (no change)**

We can confirm that capital purchases including lease agreements will remain an ineligible cost. Capital items have long lifespans which can be used by future apprentices and learners. It would therefore be unfair for capital costs to be explicitly charged to apprentice employers, as part of the negotiated price, if the item will have a use beyond the duration of their apprenticeship. Capital costs vary widely across sectors and including capital as an eligible cost would raise programme costs considerably. This would impact the number of individuals that we can support through the programme budget and would increase the level of co-investment that some smaller employers are required to pay.

Tablets and similar electronic devices will continue to be included as capital because they have a long lifespan and can be used by multiple learners. Most main providers will operate on commercial terms and will expect to create surpluses to ensure the financial viability of their businesses. A main provider can choose to invest some or all of this surplus in the business, to improve facilities and services, and this can include the purchase of capital items such as ICT.

## **Maintenance of capital purchases**

Some respondents felt that any ongoing capital maintenance costs should sit with the original purchaser of the equipment. Others felt that maintenance should be an eligible cost because failure to keep an item up to date means it is less effective for the purposes of apprenticeship training, impacting on the learner experience.

### **Government response: keep as an ineligible cost (no change)**

We can confirm that maintenance of capital purchases will remain an ineligible cost. If public funding is not used for the capital item, it should not be used for the associated maintenance of the item.

## **Time spent by managers supporting or mentoring apprentices (non-training time)**

Where mentoring is part of the overall employment relationship the majority of respondents thought that the employer should continue to fund this cost. This activity would occur regardless of individual's participation in the apprenticeship programme. Others noted that apprentices are more likely to be younger and less experienced, and often require more of a manager's time than a non-apprentice.

### **Government response: keep as an ineligible cost (no change)**

We can confirm that time spent by managers supporting or mentoring apprentices (unrelated to the delivery of off-the-job training) will remain an ineligible cost. Where mentoring is being used as a delivery methodology to deliver off-the-job training, this is already an eligible cost, included in the area of off-the-job training. Where employers receive an additional payment (e.g. for a young apprentice) they can choose to use some of this funding to support work-based mentoring.

## **Recruitment / continuing professional development (CPD) of staff involved in apprenticeships**

The majority of respondents thought that the employer of the individual (which could be a main provider) should continue to fund this cost area. Some best practice examples were given, including a main provider whose professional staff return to industry for at least one week every year. A small minority felt that it was the government's responsibility to fund the CPD of any individual involved in the apprenticeship programme.

### **Government response: keep as an ineligible cost (no change)**

We can confirm that the recruitment / CPD of staff involved in apprenticeships will remain an ineligible cost. This is because apprenticeship funding pays for the training and assessment of the apprentice only. There is an expectation that main providers (and employers where applicable) will recruit appropriately skilled individuals and invest in these employees to keep their knowledge up to date. The government is currently investing, through the Education and Training Foundation, in an Apprenticeship Workforce Development programme, and this will provide support to teachers, trainers, assessors and leaders who are involved in apprenticeship training and delivery.

## **Company inductions**

The majority of respondents thought that the employer should continue to fund this cost. It was suggested that we could add clarity by replacing the word 'company' with 'employer', so as to be clear we are not referencing the main provider.

### **Government response: keep as an ineligible cost (no change)**

We can confirm that employer inductions (note name change) will remain an ineligible cost. An induction to the organisation is the responsibility of the individual's employer.

## **Managing agents**

The majority of respondents thought that where an employer wishes to use a managing agent to run their apprenticeship programme and to negotiate with main providers on their behalf, this cost should be for the employer to fund. Some managing agents are known to charge providers for access to this type of service.

### **Government response: remove terminology from the ineligible costs list**

We can confirm that the terminology of managing agents will be removed from the ineligible costs. This activity will be included in the 'costs of memberships or other costs to secure business' area (see below).

## **Brokers / referral services**

The majority of respondents thought that if the main provider wanted to use an external broker / consultant, to increase their reach to new learners and employers, the main provider should fund this. A minority thought this should be publicly funded, as it would be supporting the overall uptake of apprenticeships.

### **Government response: keep as an ineligible cost (no change)**

We can confirm that brokers / referral services will remain an ineligible cost. It is the main provider's responsibility to identify eligible individuals. This activity is considered to be a 'cost of doing business'.

## **The costs of memberships or other costs to secure business**

The majority of respondents agreed that if a main provider chooses to join a business club or join a procurement register, as part of their marketing / business development strategy, they should be expected to fund the associated cost. Those who thought it should be an eligible cost said this was because main providers were a marketing force for the apprenticeship programme.

### **Government response: keep as an ineligible cost (no change)**

We can confirm that the costs of memberships or other costs to secure business will remain an ineligible cost. A main provider chooses to undertake this activity and does so to

identify eligible individuals, who can generate potential future income for the business. As such, the activity is considered to be a 'cost of doing business'.

## **Inducements**

The majority of respondents felt our position around inducements was clear. Others felt it might be helpful to give further examples (e.g. bonus payments to apprentices / employers for signing up and / or completing a programme; or an employer who tenders for provision but asks the main provider to use government funding to pay for training in excess of that needed for the apprenticeship).

### **Government response: keep as an ineligible cost (no change)**

We can confirm that inducements will remain an ineligible cost. We have added some further examples of what we mean by an inducement to the 2022 / 2023 apprenticeship funding rules.

## **Question analysis: other costs**

In the consultation we profiled a number of other costs that were not, at the time, included in either the eligible costs list or the ineligible costs list. This was to seek feedback before confirming our position on these costs.

## **Marketing**

A minority of respondents felt that a cost for marketing the programme to new employers and apprentices should be built into the funding band, as marketing can be a costly activity. The majority accepted that the Government's role was to raise brand awareness of the programme and that main providers should fund their own promotional costs.

### **Government response: include as a new ineligible cost**

We can confirm that marketing and promotion, along with any first contact / light-touch pre-screening activity, will be added to the list of ineligible costs. In a competitive market, the Government's role is to raise brand awareness of the apprenticeship programme, not to promote individual providers. This is considered to be a 'cost of doing business'.

## **Information, advice and guidance (IAG) delivery to apprentices**

Feedback from the majority of respondents suggested a wide interpretation of IAG activity. This ranged from giving out a pamphlet to a potential apprentice, to an in-depth support interview for a current apprentice either on, or about to leave, the programme. Many main providers stated that they employ dedicated IAG staff to carry out this type of role.

### **Government response: include as a new ineligible cost**

We can confirm that information, advice and guidance delivery to apprentices will be added to the list of ineligible costs. This is because the activity isn't required in order to complete the apprenticeship. If an individual needs pastoral support during the programme, this should be picked up as part of the regular progress review. If the individual is keen to understand their other learning options, they can be directed to the National Careers Service. (Note that this IAG cost is separate from the requirement for main providers to assist redundant apprentices to seek new employment. Where applicable, this cost can be included under the eligible cost of 'administration').

## **Learner recruitment / sales team**

Many respondents were comfortable that using a learner recruitment team, whether internal or externally sourced, was a part of the main provider's overall marketing activity, and as such, their cost to meet. Some feedback referenced the ['find an apprenticeship'](#) service on gov.uk and stated that if more people knew about apprenticeship opportunities, there would be less cost for the main provider.

### **Government response: include as a new ineligible cost**

We can confirm that learner recruitment / sales team will be added to the list of ineligible costs. Like marketing, this is a 'cost of doing business'. Main providers can choose to invest in learner recruitment to source leads that can generate future income.

## **Employer recruitment / sales team**

As with learner recruitment, many respondents were comfortable that what a main provider chooses to do, in relation to employer recruitment, was part of their overall marketing activity and their cost to meet.

### **Government response: include as a new ineligible cost**

We can confirm that employer recruitment / sales team will be added to the list of ineligible costs. Like marketing, this is a 'cost of doing business'. Main providers can choose to invest in employer recruitment to source leads that can generate future income.



## **Apprenticeship Training Agency (ATA) fees**

The vast majority of respondents agreed that this was for the employer to fund because it is the employer's choice to use an ATA model.

### **Government response: include as a new ineligible cost**

We can confirm that Apprenticeship Training Agency fees (and Flexi-Job Apprenticeship Agency fees) will be added to the list of ineligible costs. This cost is not required within the apprenticeship programme and the use of these agencies is an employer choice.

## **Other overheads (not related to off-the-job training delivery)**

Feedback covered a range of cost areas including those that allow a business to function effectively, such as business insurance and setting up phone systems. We also received some feedback on recharges between various parts of the same (generally large) main provider (i.e. the part delivering the apprenticeship programme and a central team, to cover central costs such as library services).

### **Government response: include as a new ineligible cost**

We can confirm that wider business costs will be added to the list of ineligible costs. This will include, for example, insurance, rent / rates, utilities, building maintenance, phone systems and library services) and the cost of non-apprenticeship personnel (e.g. finance, HR, procurement), where these costs are not directly attributable to the apprenticeship programme.

## **The creation of line manager resources**

Some respondents felt it was the responsibility of the employer to understand how to support their employee (apprentice) and put in place the appropriate resources and training for line managers. Others felt the main provider should offer training to line managers or that the Government should fund or produce centralised support materials.

### **Government response: include as a new ineligible cost**

We can confirm that the creation of line manager resources will be added to the list of ineligible costs. These resources are not a requirement for completion of the apprenticeship programme. We will continue to produce best practice and other supporting materials (such as the employer roadmap and off-the-job training guidance) to support employers in their understanding of the programme and their role within it.

## **Prevent / safeguarding agenda**

Respondents felt that this was for Government to fund as an eligible cost, given its prominence in the Ofsted Education Inspection Framework. However, some noted that it was a legal obligation of any business to safeguard its employees.

**Government response: include within the eligible cost of off-the-job training (only if required by the standard).**

We can confirm that training relating to the prevent / safeguarding agenda can be included in the eligible cost of off-the-job training, provided the requirement is specifically referenced in the apprenticeship standard. Main providers must be careful not to confuse relevant training required by the standard with the legal obligation of any business to safeguard employees.

## **Mock testing (relating to the end-point assessment but that takes place within the practical period)**

Many respondents thought this should be an eligible cost, as it gives parties a clearer indication of the student's current knowledge and skill level prior to the end-point assessment. Others acknowledged that mock testing was best practice rather than a requirement of the apprenticeship. Clarification on whether mock testing also included exam revision was requested.

**Government response: include as a new ineligible cost**

We can confirm that mock testing and exam revision will be added to the list of ineligible costs. Both are considered to be best practice rather than an essential requirement of the apprenticeship standard. Progress reviews can be used to establish whether an apprentice is ready to undertake an exam and / or an end-point assessment.

## **Post-gateway activity**

The majority of respondents stated that costs incurred post-gateway were often due to maintaining contact with the apprentice during an unplanned delay to the EPA. It was acknowledged that whilst the cost can exist, it is small, hard to quantify and would not apply to all apprentices (e.g. for many apprentices there is no gap between the training and EPA).

**Government response: no funding position**

We can confirm that as costs associated with post-gateway activity are hard to quantify, the status quo will remain (i.e. no funding position). The EPA should follow on from the end of the practical period of training, so this 'keep in touch' activity should not be required. We will continue to monitor EPA issues (e.g. extensive gaps and delays).

## **Periodic refresh of existing learning materials**

Some respondents thought that a main provider who is committed to the delivery of a specific standard will expect to update materials on a regular basis at their own cost, with triggers for such an update including revisions to the standard, changes to industry practice, new working models, learner / employer feedback and achievement rates. Other respondents felt that there was no difference between a periodic refresh and the tailoring of materials to a particular employer or cohort (which is an eligible cost).

### **Government response: include within the eligible cost of off-the-job training**

We can confirm that the periodic refresh of existing learning materials will be included within the eligible cost of off-the-job training. The tailoring of learning materials is an existing eligible cost and a periodic update serves the same purpose (i.e. ensuring materials are appropriate at the point of delivery).

## **Any other cost not covered by this review**

This was presented in the consultation as a 'catch all' question to solicit feedback on any other cost not included in the review. A variety of feedback was received. This included pre- and post-programme costs (such as DBS checks and graduation ceremonies), other delivery costs (such as assisting redundant apprentices to seek new employment, re-sits and student support services). The feedback also covered business costs such as depreciation, internal audit, finance and procurement staff. Some respondents, especially apprenticeship-only main providers, also asked for clarification on the position of profit.

### **Government response: include as a new ineligible cost**

We can confirm that a number of new areas have been added to the list of ineligible costs as a result of the feedback for this question. This includes student support services, graduation ceremonies and celebration events, all of which have been added because they are not a requirement of the programme.

We have been clear that re-sit costs, in excess of the first re-sit which is still eligible for funding, will be ineligible. These costs will be for the main provider and employer to agree. Depreciation will be added alongside the other ineligible capital costs. This is because HMRC do not consider depreciation to be an allowable expense.

There are a number of areas that we received feedback on which are already eligible costs and we have made those areas clearer in the 2022 / 2023 apprenticeship funding rules. These include assisting redundant apprentices to seek new employment, staff costs such as HR and finance where those staff are involved in the delivery of the programme, and quality assurance; these areas are all eligible under 'administration'. We have also been clear on our position on profit; namely that it is acceptable for a commercial provider to make a profit on eligible costs. Only employer-providers are unable to make a profit from apprenticeship delivery.

## **Next steps**

The eligible costs and the ineligible costs sections of the apprenticeship funding rules have been updated for the 2022 / 2023 academic year, with the changes outlined in this consultation response. We reserve the right to make further changes to the eligible and ineligible costs lists in future.



Department  
for Education

© Crown copyright 2022

This document / publication (not including logos) is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

To view this licence:

visit [www.nationalarchives.gov.uk/doc/open-government-licence/version/3](http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3)

email [psi@nationalarchives.gov.uk](mailto:psi@nationalarchives.gov.uk)

write to Information Policy Team, The National Archives, Kew, London, TW9 4DU

About this publication:

enquiries [www.gov.uk/contact-dfe](http://www.gov.uk/contact-dfe)

download [www.gov.uk/government/consultations](http://www.gov.uk/government/consultations)



Follow us on Twitter:  
[@educationgovuk](https://twitter.com/educationgovuk)



Like us on Facebook:  
[facebook.com/educationgovuk](https://facebook.com/educationgovuk)