



Education & Skills
Funding Agency

Apprenticeship performance- management rules for training providers

**This document sets out the performance-
management rules for all training providers
with non-levy procured funding and
apprenticeships carry-in funding**

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Introduction and purpose of the document

- P1. This document sets out the performance-management rules for training providers delivering apprenticeship training to apprentices that started:
- 1.1. with both levy and non-levy employers before 1 May 2017 (under the previous funding system)
 - 1.2. with non-levy paying employers between 1 May and 31 December 2017 (under the new funding system and recorded in the ILR under funding model 36)
 - 1.3. with non-levy paying employers between 1 January and 31 March 2018 (if you were awarded a 3 month run-down extension)
 - 1.4. with non-levy paying employers from 1 January 2018 (if you were successful in the non-levy apprenticeship procurement)
- P2. These rules supersede previous rules.
- P3. We use the term 'you' to refer to the 'main provider', that is, any organisation holding a contract with us. The main provider will have the overall responsibility for the training and on-programme assessment conducted by themselves, their delivery subcontractors and have a contractual relationship on behalf of the employer for the end-point assessment conducted by apprentice assessment organisations.
- P4. The terms 'we', 'our', 'us' and 'ESFA' refer to the Education and Skills Funding Agency.
- P5. We use the term 'allocation' to mean your contract value, as set out in Appendix 1 of your contract.
- P6. You must read these rules alongside the relevant apprenticeship funding rules which can be found on [GOV.UK](https://www.gov.uk).
- P7. We will publish the funding rules that apply for apprenticeships that start after 1 August 2020 before the start of the 2020 to 2021 funding year.
- P8. We may make changes to the performance-management rules.
- P9. The funding and performance-management rules form part of your terms and conditions for the use of funds for government co-investment. You must read them in conjunction with your funding agreement from the Secretary of State for Education (acting through the Education and Skills Funding Agency (the ESFA), an executive agency of the Department for Education).
- P10. You must operate within the terms and conditions of your funding agreement, these rules, the funding rules and the [Individualised Learner Record \(ILR\) Specification](#). If you do not, you will be in breach of your funding agreement with us.

- P11. If you breach your funding agreement, we reserve the right to take action.
- P12. All providers are required to return regular ILR data for apprenticeships. If you do not return ILR data for a period of months, we may contact you to discuss removing your allocation.
- P13. You can contact us using our [ESFA online form](#). You can also contact your territorial team lead.

Payments and performance-management

Generic rules that apply to all delivery

- P14. It is our intention to fund apprentices until the end of their programmes, subject to affordability, the application of the relevant funding and performance-management rules and reflecting funding previously paid by the Education and Skills Funding Agency (including the Skills Funding Agency).
- P15. We will use our approach to funding to make sure apprenticeship provision is of a high quality. We will use your track record to assess your ability to deliver education and training to the required standard. Your track record includes Ofsted grades, minimum standards of performance, financial health, financial management and control, your status on the Register of Apprenticeship Training Providers and your previous delivery against your contract.
- P16. As part of our financial assurance work, we will continue to monitor compliance with the funding rules. We will contact you where we identify you have submitted data that does not meet our funding rules and individualised learner record (ILR) requirements. You will be required to correct inaccurate ILR and earnings adjustment statement (EAS) data. For more information on our assurance work, please refer to the [Funding Monitoring Plan](#).
- P17. You must fund the delivery of both apprenticeship frameworks and apprenticeship standards from your 'allocation'. This includes any additional payments that you must pass to employers or apprentices. You must also fund the delivery of English, maths, learning support and learner support (learner support relates to pre-May 2017 carry-in only), where applicable.
- P18. We will pay you based on your actual delivery each month up to the value of your allocation for the relevant financial year. We will calculate the value of your actual delivery using the latest validated ILR and EAS data you provide.
- P19. We have no obligation to pay any amount above your allocation for the funding year or financial year. We also have no obligation to pay for the future carry-in costs associated with any delivery above your allocation. If you deliver more than your allocation, you do so at your own risk.
- P20. We reserve the right to increase or decrease the number of review points we operate, in line with delivery against the available budget.
- P21. We reserve the right to adjust your allocation if there is a risk that demand for apprenticeships may exceed the budget available.

Arrangements for apprentices that started on or after 1 January 2018 (non-levy contracts)

We have extended non-levy contracts for 12 months to cover the period 1 April 2020 to 31 March 2021. This is a transition period and delivery to non-levy employers will be via both contracts and the Apprenticeship Service during this time.

Initially you could only recruit new starts on this contract until 31 October 2020, following the outbreak of COVID 19 we have now extended the transition period. You can now use your allocation to recruit new starts until 31 March 2021. This is an extension of the time period you can recruit new starts only; we will not increase your contract value.

We expect all new apprenticeships to be funded via the Apprenticeship Service from 1 April 2021.

We will not award growth during this 12-month period and will not fund any delivery above your allocation including the carry-in costs in future years. Any new starts that would cause you to exceed your contract value should be routed through the Apprenticeship Service.

- P22. This section of the rules applies to apprenticeship starts from 1 January 2018 to 31 March 2021.
- P23. The rules apply to providers on the main route of the Register of Apprenticeship Training Providers delivering apprenticeships to non-levy paying employers.
- P24. In February 2020, we extended your contract for 12 months from 1 April 2020 to 31 March 2021. Your allocation is a combined allocation that includes funding for new starts and carry-in. Your 12-month extension allocation includes funding for:
- new starts from 1 April 2020 to 31 March 2021
 - the ongoing costs of any apprentices you start from 1 April 2020 to 31 March 2021 during this 12-month period
 - the carry-in costs of apprentices that started between 1 January 2018 and 31 March 2020
- P25. Your contract will state the maximum amount of apprenticeship provision you can deliver to non-levy paying employers for:
- 16 to 18 apprenticeships from 1 April 2020 to 31 March 2021 and how much of your funding is available for new starts and the ongoing costs of these learners during this 12 month period

- 19+ apprenticeships from 1 April 2020 to 31 March 2021 and how much of your funding is available for new starts and the ongoing costs of these learners during this 12 month period
- P26. We will review your allocation during summer 2020 to check for accuracy. Your allocation may be adjusted (decreased or increased) in-line with your delivery. We will only increase funding for carry-in learners. We will not increase funding for new starts as you can route any new starts that will cause you to exceed your new starts allocation through the Apprenticeship Service. Increases are subject to affordability and will be limited by public contract regulations.
- P27. At the review point, set out in Table 1 of Annex B, we may reduce your allocation if your performance against the standard national profile (set out in Annex A) is outside the tolerance. We may change this approach if there are exceptional circumstances.
- P28. The reduction we will make will reflect some or all of the value of your under-delivery to date outside of the tolerance. We will also extrapolate the reduction forwards. This means we will reduce your allocation for the remainder of the year by the same percentage we reduce your year to date allocation by.
- P29. We will apply the reduction unless:
- your historic delivery pattern is significantly different to the standard national profile (including where this is a result of delivering increasing proportions of apprenticeship standards)
 - you demonstrate that you were impacted by data issues that were outside of your control
 - it is less than £25,000.
- P30. At the review points set out in Table 1 of Annex B, you can request to vire funds one-way from your 19+ allocation to your 16 to 18 allocation. You cannot vire funds from your 16 to 18 allocation to your 19+ allocation. Requests can only be for the period April 2020 to March 2021 and must be submitted using our [ESFA online form](#) by the deadlines shown in Table 1 of Annex B. We anticipate approving all requests that are within the limit of your unused 19+ allocation. We will not agree a virement if you do not have sufficient funding available in your 19+ allocation. Once a virement has been agreed, we will not reverse it.
- P31. You cannot vire unused funds from your previous allocation for April 2019 to March 2020.
- P32. You cannot vire funds between your allocation for April 2020 to March 2021 and your separately contracted carry-in allocation that is for apprentices that started before 1 January 2018 (and up to 31 March 2018 for providers issued with 3-month run-down contract extensions).
- P33. We will not award growth or fund any over-delivery above your allocation during the 12-month extension period. If you deliver above your allocation, you do so at your own risk.

Any new starts that would cause you to exceed your contract value should be routed through the Apprenticeship Service.

- P34. We will allocate funds beyond March 2021 so that apprentices that start their programmes between 1 January 2018 and 31 March 2021 are funded until the end of their programmes. These allocations will reflect funding previously paid by the Education and Skills Funding Agency (including the Skills Funding Agency) as well as being subject to affordability and the application of the relevant funding and performance-management rules.

Arrangements for carry-in apprentices that started before 1 January 2018

This section of the rules covers the performance-management arrangements for apprentices that started before 1 January 2018 (and between 1 January and 31 March 2018 for providers issued with 3-month run-down contract extensions). This historic carry-in funding is contracted separately from non-levy contracts.

You will receive payments up to your total carry-in allocation (for the financial year) rather than against the individual components that make up your allocation.

- P35. These rules cover the arrangements for 2020 to 2021 funding year allocations.
- P36. This section applies to apprentices that started with:
- 36.1. both levy and non-levy employers before 1 May 2017
 - 36.2. non-levy paying employers between 1 May 2017 and 31 December 2017
 - 36.3. non-levy paying employers between 1 January 2018 and 31 March 2018 (for providers that were given run-down contract extensions only)
- P37. Your carry-in allocation is separate from:
- 37.1. your allocation to deliver apprenticeships training to non-levy paying employers from 1 January 2018 that you were awarded through the non-levy procurement exercise
 - 37.2. any funding you receive from delivering apprenticeships training through the Apprenticeship Service.
- P38. Your contract will identify your allocation for all age carry-in apprentices. It will state the maximum amount you can deliver from 1 August 2020 to 31 July 2021.
- P39. Your contract spans two financial years:

- 1 August 2020 to 31 March 2021: periods 1 to 8 of the 2020 to 2021 funding year
- 1 April 2021 to 31 July 2021: periods 9 to 12 of the 2020 to 2021 funding year

P40. If you had a 3-month run-down allocation for 1 January to 31 March 2018, you must continue to use learning delivery monitoring (LDM) code 358 to record delivery under your run-down allocation. Please refer to the [ILR specification](#) for more information about using LDM codes.

P41. In April 2021, we will fund your delivery up to your total allocation for the funding year. This means we will fund delivery over your August 2020 to March 2021 allocation up to the value of your total allocation for 1 August 2020 to 31 July 2021.

P42. In spring 2021, we will review whether your carry-in costs exceed your allocation. We will increase your allocation if we have evidence that that your allocation is insufficient.

P43. In the summer of 2021, we will allocate funds for the 2021 to 2022 funding year for apprentices that have not yet completed their apprenticeship.

P44. In October 2021, we will review delivery against 2020 to 2021 apprenticeship carry-in allocations and will fund any delivery above allocations. This will be subject to affordability and the application of the relevant funding and performance-management rules.

Annex A – Standard national profiles

The following tables set out the 12-month non-levy extension profile from April 2020 (P9 of the 2019 to 2020 funding year) to March 2021 (P8 of the 2020 to 2021 funding year)

Table 1. 16 to 18 apprenticeships 12-month extension profile

	2019 to 2020 FUNDING YEAR				2020 to 2021 FUNDING YEAR							
	P9	P10	P11	P12	P1	P2	P3	P4	P5	P6	P7	P8
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
16 to 18 apprenticeships monthly profile	6.00%	5.72%	5.71%	6.60%	6.77%	11.42%	9.76%	9.69%	11.71%	9.49%	8.87%	8.26%
16 to 18 apprenticeships cumulative profile	6.00%	11.72%	17.43%	24.03%	30.80%	42.22%	51.98%	61.67%	73.38%	82.87%	91.74%	100%

Table 2. 19+ apprenticeships 12-month extension profile

	2019 to 2020 FUNDING YEAR				2020 to 2021 FUNDING YEAR							
	P9	P10	P11	P12	P1	P2	P3	P4	P5	P6	P7	P8
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
19+ apprenticeship monthly profile	6.90%	7.11%	7.21%	7.55%	7.91%	8.77%	8.99%	9.12%	8.98%	9.09%	8.99%	9.38%
19+ apprenticeships cumulative profile	6.90%	14.01%	21.22%	28.77%	36.68%	45.45%	54.44%	63.56%	72.54%	81.63%	90.62%	100%

Annex B – Review point for procured non-levy allocations

Table 1. Apprenticeships new starts from 1 January 2018 review point, tolerances and minimum thresholds

	Review point
Delivery information using the latest validated ILR data you provide	4 September 2020 (R01 data return)
Deadline for virement requests	4 September 2020
Tolerance for under-delivery	8%
Lower threshold for allocation reductions	£25,000
Providers notified of the outcome	October 2020

Glossary

Apprenticeship	<p>An apprenticeship is a job with an accompanying skills development programme. This includes the training and (where required) end-point assessment for an employee as part of a job with an accompanying skills development programme.</p> <p>The full definitions of (i) an English apprenticeship (frameworks) and (ii) an approved English apprenticeship (standards) can be found in Part 1 of the Apprenticeships, Skills, Children and Learning Act 2009.</p>
Apprenticeship standard	<p>We use the terms ‘standard’ and ‘apprenticeship standard’ to cover the apprenticeship standards which have been approved and published by the Institute for Apprenticeships. Apprentices can only be enrolled against an apprenticeship standard once it is identified as ‘approved for delivery’ on the Institute for Apprenticeships website. The Deregulation Act 2015, the Enterprise Act 2016 and the Technical and Further Education Act 2017 inserted the statutory provisions relating to standards (approved English apprenticeships), and the Institute for Apprenticeships and its functions, into ASCLA 2009.</p>
Apprenticeship framework	<p>The term framework (sometimes referred to as apprenticeship framework) covers the apprenticeship frameworks which are available for delivery. The legislation relating to frameworks (English apprenticeships) has been repealed but saved until frameworks have been phased out (Deregulation Act 2015 (Commencement No. 1 and Transitional Saving Provisions) Order 2015).</p>
Earnings adjustment statement (EAS)	<p>The earnings adjustment statement is how main providers claim funding that cannot be claimed through the individualised learner record.</p>
Individualised learner record (ILR)	<p>The primary data collection requested from main 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.</p>
Levy-paying employer	<p>An employer with an annual pay bill of over £3 million.</p>
Register of apprenticeship training providers	<p>From May 2017, levied employers will be able to choose a main provider from a new register, the register of apprenticeship training providers (RoATP). The RoATP will encourage diversity and competition in the provider market, supporting quality and employer choice. To be added to the RoATP, organisations must pass tests on due diligence, financial health, and tests on quality, capacity and capability.</p>

Register of apprentice assessment organisations	A register of assessment organisations from which an employer can select an organisation (to be contracted by a main provider) to deliver the end-point assessment as part of the employer's agreed apprenticeship programme.
Non-levy paying employer	An employer with an annual pay bill of less than £3 million.
Subcontractor	A legal entity that has a contractual relationship with a main provider to deliver apprenticeship training funded by us.



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