



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**

**July 2022 Version 4**

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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:
- with both levy and non-levy employers before 1 May 2017 (under the previous funding system)
  - 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)
  - with non-levy paying employers between 1 January and 31 March 2018 (if you were awarded a 3-month run-down extension)
  - 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 ESFA. 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 may make changes to the performance-management rules.
- P8. 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 ESFA, an executive agency of the Department for Education).
- P9. You must operate within the terms and conditions of your funding agreement, these rules, the funding rules and the [Individualised Learner Record \(ILR\) Specification](#) (including the earnings adjustment statement). If you do not, you will be in breach of your funding agreement with us.
- P10. If you breach your funding agreement, we reserve the right to take action. This may include removing your allocation.

- P11. 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.
- P12. 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

- P13. 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 ESFA (including the Skills Funding Agency).
- P14. 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.
- P15. 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 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](#).
- P16. 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.
- P17. 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.
- P18. You cannot vire funds between your carry-in allocation for apprentices that started on or after 1 January 2018 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).
- P19. We have no obligation to pay any amount above your allocation for the funding year or financial year.

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

This section of the rules covers the performance-management arrangements for apprentices that started on or after 1 January 2018 (non-levy contracts). This carry-in funding is contracted separately from historic carry-in for apprentices that started before 1 January 2018.

This allocation does not cover new starts. All new apprenticeships should be routed through the Apprenticeship Service.

You will receive payments up to your total carry-in allocation for the financial year.

- P20. This section of the rules applies to apprenticeship starts from 1 January 2018 to 31 March 2021.
- P21. On an annual basis where necessary, we will extend your contract for 12 months from 1 April to 31 March until all your apprentices have ended their programmes.
- P22. Your 12-month extension allocation will fund the carry-in costs of apprentices that started between 1 January 2018 and 31 March 2021. Your allocation does not cover new starts from 1 April 2021. From this date all new starts must be funded via the Apprenticeship Service.
- P23. These allocations will reflect funding previously paid by ESFA (including the Skills Funding Agency) as well as being subject to affordability and the application of the relevant funding and performance-management rules.
- P24. Your contract will identify the maximum amount of apprenticeship provision you can deliver to non-levy paying employers for 16 to 18 apprenticeships and 19+ apprenticeships during this 12-month period.
- P25. In May each year, following the 12-month extension period, we will review delivery against apprenticeship carry-in allocations and will fund any delivery above allocations for the 12-month extension period. This will be subject to affordability and will be limited by public contract regulations.
- P26. For the performance management arrangements prior to 1 April 2021 please review the rules that apply for that year on our [apprenticeship funding rules](#) GOV page.

## 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.

P27. This section applies to apprentices that started with:

- both levy and non-levy employers before 1 May 2017
- non-levy paying employers between 1 May 2017 and 31 December 2017
- non-levy paying employers between 1 January 2018 and 31 March 2018 (for providers that were given run-down contract extensions only)

P28. On an annual basis where necessary, we will extend your contract for 12 months from 1 August to 31 July until your apprentices end their programmes.

P29. Your 12-month allocation will fund the carry-in costs of 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).

P30. Your contract will identify your allocation for all age carry-in apprentices. It will state the maximum amount you can deliver during this 12-month period.

P31. Your contract spans two financial years:

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

P32. 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.

P33. In April each year, we will fund your delivery up to your total allocation for the funding year. This means we will fund delivery over your 1 August to 31 March allocation up to the value of your total allocation for 1 August to 31 July.

P34. In November each year, following final data submission (R14), we will review delivery against 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.

## Glossary

<b>Apprenticeship</b>	<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>
<b>Apprenticeship standard</b>	<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 <a href="#">Institute for Apprenticeships</a> 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>
<b>Apprenticeship framework</b>	<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>
<b>Earnings adjustment statement (EAS)</b>	<p>The earnings adjustment statement is how main providers claim funding that cannot be claimed through the individualised learner record.</p>
<b>Individualised learner record (ILR)</b>	<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>
<b>Levy-paying employer</b>	<p>An employer with an annual pay bill of over £3 million.</p>
<b>Register of apprenticeship training providers</b>	<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>

<b>Register of apprentice assessment organisations</b>	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.
<b>Non-levy paying employer</b>	An employer with an annual pay bill of less than £3 million.
<b>Subcontractor</b>	A legal entity that has a contractual relationship with a main provider to deliver apprenticeship training funded by us.





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