

DWP responses to LEP
Network questions on use of
the apprenticeship levy as
match funding
2nd March 2018

Emma Kirkpatrick, Head of ESF MA, provided answers to the pre-submitted questions and follow up questions during the teleconference. It was noted that in cases where the evidence of match was digital/online, LEPs should send [Emma Kirkpatrick](#) a screen shot to confirm whether the evidence was acceptable. Appendix A & B contain additional questions and scenarios submitted by LEPs.

1. Are there any worked examples of how the Levy can be used as match? **Might be quite helpful here to look at the Lancashire examples, where they shared some scenarios and my thoughts on them (See appendix A)** What additionality to the programme would you see the ESF enabling? **Moving into employment, sustainable employment or higher value jobs are some of the key indicators for the Programme, and the AL absolutely supports that, so this is about leveraging that money to allow ESF to provide either the wrap-around support some of these individuals may need to successfully pass their apprenticeship, or using it to support others, which are not apprentices to increase their employability or skills etc.**
2. Can you provide process and audit guidance including what evidence will be required in order for providers to use match? **There will need to be evidence of the match being paid out, on eligible activity that is part of the wider project. I don't want to issue specific guidance, and there are many different scenarios, and trying to write guidance for them all would be impossible, so instead I would advise that we have that conversation when you have firm proposals on the table, telling us what you will be gathering, and asking our view on whether it's sufficient.**
3. Can we simply use the Apprenticeship Service double lock as proof? **(The double-lock is the agreement between the employer and provider)**
Take a screen shot and send it to Emma Kirkpatrick who will review its suitability as evidence.
4. How do we identify if the provider is already using any contributions/levy for training? **Which provider? In developing projects, you should be talking to organisations though the TA support, and in building consortiums this is the sort of info you will need to discuss. We don't have a list of organisations that are using it as match...**
5. What evidence do we require to identify match in application for ESF processes and/or once approved? **So, during the application process it will be the same as usual – match funding certificates if available (such as for a consortium of businesses who will be using the levy as match), and after approval it will be the usual invoice and bank statements etc.**
6. To what extent can the detail be provided post contract award - thinking that employers may come on board during a programme? **It can be done but will need to be through something like a PCR to bring in new delivery partners so that they become named in the FA.**

7. Can you confirm that European Social Funds can be matched with the apprenticeship budget (the digital accounts held by DfE) to support additional work-based learning modules (not just apprenticeship delivery) in any business that is using the apprenticeship budget (not just the levy payers) provided there is written evidence that the business has drawn down the apprenticeship budget. **Yes, that's fine as long as the project describes both sets of activity within the application**
8. Can you also confirm that the ESF package of support that has been matched with the apprenticeship budget can also be used to support work-based learning modules in a network of other businesses who are not drawing the apprenticeship budget (these businesses might be part of the supply chain or in the same geographical area). This could help to reduce the unit cost of the funding for ESF purposes. **Again yes, but both lots of businesses would need to be named as delivery partners (and therefore defraying expenditure on behalf of the project) in the application and Funding Agreement, and again, both sets of activity need to be included in the application**
9. How do providers account for actual costs when using the LEVY as match? Do they have to get the evidence of actual costs to support the value of the match being used? **No, this would be done through procurement – so no actual costs needed. The method of procurement, and the number of quotes etc, would depend on the public procurement rules, and whether the organisation is a 'contracting' authority – so that will need to be confirmed as part of the application based on the specific circumstances of who is procuring, and what they are procuring etc...**
10. Where we are using the Levy to support a different business, do we need evidence that the Levy payer is agreeing for their Levy to be used elsewhere? **Yes, but this can be done through the set up of the project, through something like an SLA between the partners, as long as it also includes agreement that auditors / the verification team can go out to that business and see evidence that the costs were defraying on eligible activity.**
11. When developing proposals using Levy payments as match there are a couple of issues which need considering. DWP have been insisting that the provider has sufficient match at each stage of their profile. Where we are using Levy from businesses it is very unlikely that any proposal will know exactly which businesses will be involved during the life of a 3-year project at day one. However, DWP will require the proposal to show where the match is coming from and at each claim the provider will need to show it has sufficient match at that point. It maybe that the provider underwrites this with their own funds but this requires considerable cashflow potential. **Yes, but you can also use the model and evidence requirements we set out for SME contributions, which does allow some flexibility at the start of the project while you 'recruit' those businesses. You can then submit PCRs to add additional delivery partners as and when you identify them.**
12. Can we have examples of bolt-on's like subsidy, travel expenses, tools etc.
It will be look at on a case by case basis. (See appendix B)
13. Will there be any relaxation of embargo on using it for apprentice wages?
This is being proposed in stage 2 of the OP but it will need to be agreed by EU first.

14. Is it actual spend or committed spend?

Evidence of actual spend.

15. Can it be claimed retrospectively?

Yes – Opt-ins claim after 12 months.

16. Can you start with businesses that have committed and then add new businesses later?

Yes, you can do this through the change process. You can also forecast new businesses participating when you are submitting a bid.

17. Can learners and levels be prioritised?

Yes, as long as it reflects your area need.

18. What is the timescale for projects and will they be affected by BREXIT?

Timescale for all projects is 3 years. BREXIT will not affect timescales.

19. Will the Big Lottery put out a new call or go for an extension?

Big Lottery will go for extensions of existing projects.

Appendix A

Scenarios submitted by Lancashire LEP

Use of the Apprenticeship Levy as ESF match – examples of delivery models

Scenario 1

Individuals are provided with a ‘taster courses’ and CEIAG to demonstrate the value of learning, career pathways, etc. with the objective of encouraging them to start an apprenticeship. This pre-apprenticeship offer is ESF funded. For those who successfully progress to an apprenticeship, and where this is with a Levy-paying employer, the apprenticeship Levy acts at match. Others may not progress to an apprenticeship, or may progress to a non-Levy employer, but could still benefit from the ESF support as the Levy should be sufficient to provide match for the project overall (with match being at the project- not the learner-level). Example:

150 individuals provided with taster courses & CEIAG – ESF funded:

- 25 start an apprenticeship with Levy-payers @ £3,500 each = £87,500 Levy Match
- 25 progress to apprenticeship with non-levy payers – not eligible as match so outside this project
- 50 do not progress any further

Overall ESF project delivers 100 pre-apprenticeship programmes and 25 apprenticeships for £218,750 at a 40% intervention rate. In addition, 30 progress to apprenticeships as an outcome from the project (rather than undertaking their apprenticeship as part of the project). **The only issues I see with this are that if the Apprenticeship is actually outside of the project, then the AL won't be eligible, as the activity is not within the ESF Project itself. You would therefore need to include the apprenticeship itself in the project, ensuring it's eligible, and therefore 'counts' as match. In addition, it would need to pass the value for money tests, so the number of participants converted to actual apprentices, as well as how many of them don't go any further will need to be taken into account. You also need to ensure that the levy-payer companies that sign up the apprentices are identified up front, and named as partners in the project, so that you can ensure there is an audit trail of the levy being 'spent' on eligible activity.**

Scenario 2

As above, but with post-apprenticeship activity funded by ESF to encourage apprentices to progress to further study at a higher level e.g. degree apprenticeship. The overall ESF project delivers the apprenticeship programmes and post-apprenticeship activity. **Yes, fine, subject to the above on value for money and partners / audit trails.**

Scenario 3

Individuals are undertaking apprenticeships with Levy-payers and they, or their employer, identify additional training requirements that are not included in the Framework/Standard. They are provided with this additional training as ESF funded activity; this might be delivered alongside or after completion of the apprenticeship. Other employees (who are not on an apprenticeship) with the same employer are also provided with this additional training as ESF funded activity. Employees of other businesses (who may or may not be on an apprenticeship) may also be provided with this additional training as ESF funded activity. Example:

- 10 apprenticeships delivered with Levy-payers @ £3,500 each = £35,000 Levy Match
- 30 work-based training course places delivered to Levy-payers – ESF funded
- 20 work-based training course places delivered to other businesses – ESF funded

Overall ESF project delivers 10 apprenticeships and 50 work-based training course places for £87,500 at a 40% intervention rate. **Yes, again, subject to vfm and audit trail requirements (assuming that all companies here are within the partnership delivering the project, and as such are listed as partners in the application).**

Scenario 4

ESF funding is used to conduct TNAs with businesses, including some Levy-payers, helping them to understand their skills needs. Some employers start apprenticeship programmes as a result, others request other work-based training courses for their staff, which are funded via ESF. Example:

50 employers (Levy and non-Levy) supported to undertake TNAs – ESF funded

- 15 apprenticeships delivered with a Levy-payer @ £3,500 each = £52,500 Levy Match
- 80 work-based training course places delivered to Levy-payer / non –Levy payer - ESF funded
- 15 apprenticeships delivered with non-Levy payer - not eligible as match so outside this project

Overall ESF project delivers 50 TNAs, 15 apprenticeships and 80 work-based training course places for £131,250 at a 40% intervention rate. In addition, 15 progress to apprenticeships as an outcome from the project (rather than undertaking their apprenticeship as part of the project). **As example 1 with regard to the apprenticeships outside the project, as they would technically need to be included (although that does not prevent the project from claiming the outcome, which can come while they are on the ESF supported provision.**

Appendix B

Questions submitted by Greater Birmingham & Solihull LEP

1. Can we have more explanation of how the Apprenticeship Levy works as ESF match in practice? This guidance applies to both current projects going through the application process and to help prepare for possible future ESF calls that can make the best use of Apprenticeship Levy as match. **Think I covered this at the LEP Network meeting, and through the follow up call this Friday (2nd March).**
2. Can there be a specific ESF Apprenticeship call that solely matches up employer Apprenticeship Levy match funding? **There could be, but we don't normally focus a call on a specific source of match funding, instead focussing on the activity that the call is seeking to fund (some of which indeed be apprenticeships, in which case the Levy could be used as match).**
3. Will this apply to the forthcoming SME employers and nominated supply chain employers, as well as the current Apprenticeship Levy employers with digital accounts, in time? **I don't know what these are, but the principles here are that any organisation, either as an applicant, or as a delivery partner can use the Levy as match. So, if you have a project that focussed on a particular sector (including their supply chain), and the organisation was listed as a delivery partner, then as long as they can draw down the levy through the digital account, and it's being spent on eligible activity that is given within the project's description of activities, then yes, it can be used as match.**
4. Can an applicant's/grant recipient's own Apprenticeship Levy contribution be used for eligible activity (so long as it does not support a direct salary cost)? **Yes, as long as it's on eligible activity – so the apprentices employed by the applicant need to be counted as 'participants' on the provision, and be doing eligible activity, rather than as staff within the applicant organisation.**
5. What other 'additional' eligible activities can be funded from the ESF contribution which is matched to the Apprenticeship Levy? Mentoring and coaching activities are mentioned, can additional training modules (outside the apprenticeship), **yes, as long as they add value in some way** travel and support for work **this will depend on the context and project description, and will therefore need to be assessed on a case by case basis, looking at the actual need and whether additional public funds are necessary for this particular participant / circumstance (and bearing in mind my response to the next point), and subsistence bursaries we can provide some level of support for refreshments etc for participants, but given that apprentices are paid, this would seem like a wage 'top-up', which wouldn't be eligible, small items of equipment again, this will depend on the project, the context, and what these small items of equipment are for, as well as job search support if you mean non-apprentices here, then yes, that would be fine, but apprentices shouldn't need this sort of help given they already have a job or celebratory events no, we don't generally fund these types of events, but again, this would wholly depend on the circumstances and context be considered eligible?**

6. What paperwork / claims and evidence will need to be completed and submitted by the Apprenticeship Levy employers to be eligible and compliant for ESF purposes? Will this be similar to the current practice for employer contributions? **Yes, there will need to be a full audit trail, and if the employers are spending funds on behalf of the project (which will of course include the levy), they should be named as delivery partners in the application.**
7. Will the activity that the Apprenticeship Levy be contributing to need to directly link to ESF outputs and/or results? **Yes**
8. Can all levels of apprenticeships or training be supported with the Apprenticeship Levy as match or does it need to link to the same level of qualification? **It can be all levels, but you must ensure that the project application covers each level proposed – so if you're proposing to use AL at level 3 as the match for a number of level 4 courses, then the application will need to include both). You will also need to ensure that this still meets the requirements for eligibility and vfm.**
9. Will there be a need to correlate Apprenticeship Levy outputs (eg. Levy drawn down for 1 apprentice) with the same ESF output (e.g. 1 person supported)? **It would be easier if it was done that way, but there is no reason why levy drawn down for 1 apprentice couldn't support 2 (or more) ESF participants on a cheaper course – or vice versa.**
10. Can you clarify the concern about using the Apprenticeship Levy for work placement support, in that there would be the pressure placed on keeping outputs below the unit cost across the project? For example, if we used an apprentice levy for match, it is 1 output at whatever that cost would amount to (£2k, £5k or £10k etc. we can only claim this as 1 output), so the more costly the training programme, the worse off the provider would be trying to deliver a service with the ESF grant to meet DWP unit cost calculations. **It would depend here on what the ESF is doing. If that apprentice levy is £10k per apprentice, but that's used to provide basic skills to 10 participants, then for £20k, you provide outcomes for 11 people...**
11. If we match £10k for one levy output and the unit cost was £1,000 for the project, then we'd have to work with 19 beneficiaries for that £10k ESF money to meet the unit cost – is that correct? **Yes,**
12. Will the Apprenticeship Levy need to have been claimed and defrayed (and evidence provided of this) before using as match to ESF? **No, it can be done at the same time, but the risk here is with the applicant organisation, as if they don't draw down the levy, then they would be liable for the match (as is the case with SME contributions).**
13. Will the employer Apprenticeship Levy contributions need to be accounted for within the project's proposed State Aid approach and therefore be compliant with State Aid? **Yes, it would need to be taken into account for State Aid purposes, so we would advise that you look at this carefully, and seek appropriate advice if needed.**

14. What happens to the Apprenticeship Levy match, if the apprentice leaves or does not achieve their apprenticeship? Can it still be counted or included in as match to the project? **For the elements that have been paid out or drawn down, then yes, as there is an audit trail for that participant – but you would need to make sure that it is there and is robust.**

15. What is the reason that projects from before 24 Oct 2017 cannot use Apprenticeship Levy as match too? Is it simply due to the match already demonstrated in contracts? Could a project alter this through a change request? **Essentially this is because this is the date which the MA confirmed that it could be used as match. Projects that were approved before this date should have already had match in place appropriate to their activity, so shouldn't need to substitute it with AL (which is against the additionality rules).**