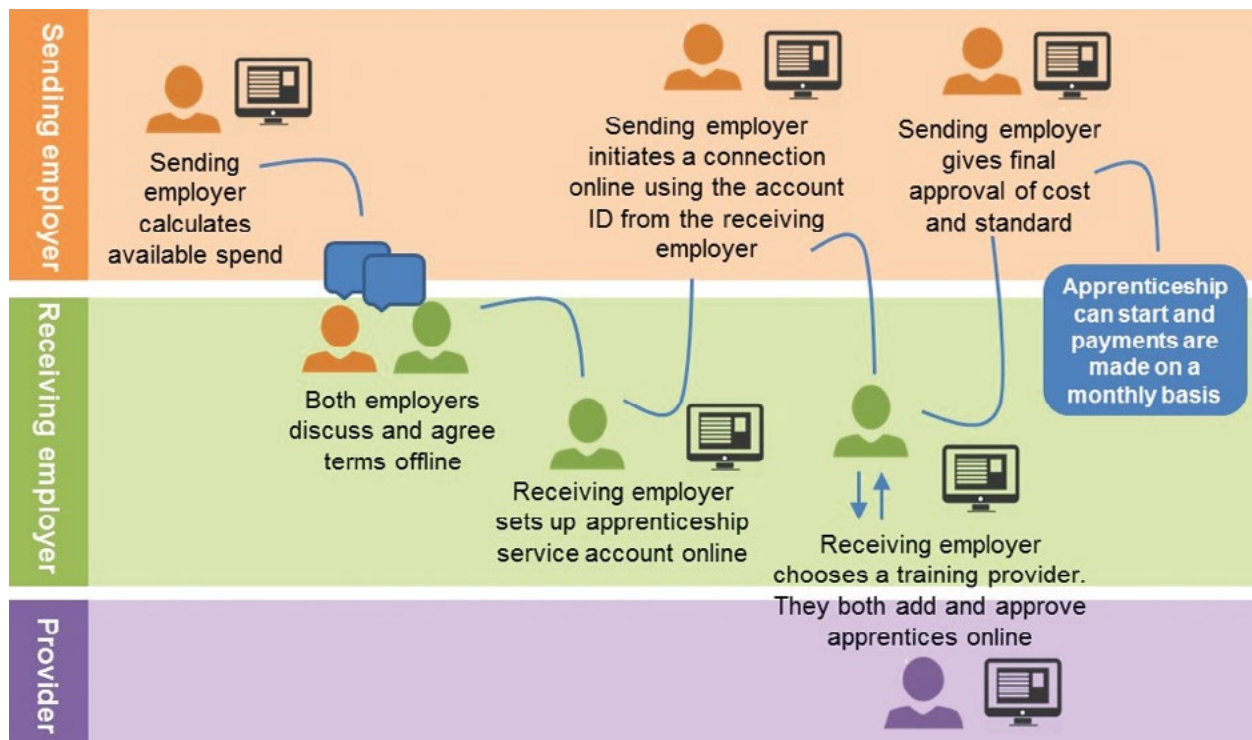


7 pointers to help employers prepare for transfers on the apprenticeship service

Transfers user journey



Employers who pay the apprenticeship levy can now transfer apprenticeship service funds to multiple organisations to pay for their apprenticeship training and assessment.

Transfers have now been extended, so employers can make transfers to as many employers as they choose within their 25% maximum annual transfer allowance.

So how can you prepare for transfers as a levy-paying employer?

1. Look at your transfer allowance

Log into your apprenticeship service account and click on Finance, then Transfers. You'll be able to see your transfer allowance.

Your allowance is 25% of your annual funds, which will be calculated from the total amount of levy declared during the previous tax year.

TRANSFERS ALLOWANCE

$$25\% \text{ of } \left(\begin{array}{l} \text{Total levy} \\ \text{declared} \\ \text{April-March} \end{array} \times \begin{array}{l} \text{English} \\ \text{Percentage} \end{array} + \begin{array}{l} 10\% \\ \text{Government} \\ \text{top-up} \end{array} \right)$$

Example

- ▶ The total apprenticeship levy declared to HMRC by Employer A in the 2017 to 2018 tax year was **£500,000**
- ▶ 90% of their wage bill goes to employees living in England so their **'English percentage' is 90%**
- ▶ **£500,000 x 90% = £450,000**
- ▶ Add 10% government top-up. **10% of £450,000 = £45,000**, so total is **£495,000**
- ▶ Employer A's transfers allowance for 2018 to 2019 is **25% of the above total, so £123,750**.

This calculation will be done for you and you should now be able to see your 25% transfer allowance in your apprenticeship service account. You'll then be able to set up a transfer from May and the employer receiving a transfer will be able to register and start adding apprentices to the service. Your first transferred funds can then come out of your account from June.

2. Consider the total costs of any apprenticeships you would like to support

As the sending employer you are responsible for managing the amount of funding that you transfer and for funding the whole cost of the apprenticeships you are supporting, up to the funding band maximum.

It is likely that the apprenticeships you fund will last longer than 12 months and they may start at different points in the year. The funding to pay for the apprenticeships will transfer monthly to the receiving employer to cover the exact training and assessment costs over the duration of the apprenticeship.

You can use the new transfers estimator tool in the apprenticeship service to help you with your planning.

Remember, in future financial years, if you continue to make levy declarations, you'll have new transfer allowances.

3. Find a receiving employer

This can be any employer. You might want to choose an employer in your supply chain or sector, or perhaps you would like to support your local economy. It is your choice as long as the funding is being spent on apprenticeships.

The receiving employer can be a levy-paying employer as long as they are not sending a transfer. If you are sending a transfer you cannot also be in receipt of a transfer.

4. Have detailed conversations with your receiving employer

Discuss the number and type of apprenticeship standards that you could fund with a transfer and the total cost. You and the receiving employer might want to read [Hire an apprentice](#) for general information about employing an apprentice and use [Find apprenticeship training](#) to search for different types and levels of apprenticeship.

5. Read the funding rules

We have updated the [apprenticeship funding rules](#) to include the rules for transferring apprenticeship service funds (refer to paragraphs E173 to E207 for the rules on transfers).

6. Review and sign the new employer agreement

The employer agreement in the apprenticeship service has been updated to include transfers. Any employer that wants to send or receive a transfer needs to digitally sign the new employer agreement. You can [view the agreement on GOV.UK](#) as well as on the apprenticeship service.

As you may need to get approval from your organisation's legal team or legal adviser, it makes sense to start reviewing the agreement now. Share the agreement with the receiving employer so they can review the document as well.

7. Agree the details and set up the transfer on the apprenticeship service

To send and receive a transfer, both employers will need to have an apprenticeship service account.

To make a transfer, the sending employer will need to make a connection with the receiving employer on the apprenticeship service. To do this, they will need the receiving employer's account ID, which will be clearly displayed in their account.

Support your receiving employer in setting up their account by signposting them to our [new bite-sized videos on using the apprenticeship service](#).

Checklist to get ready for transfers

- ▶ [Read the introduction to transfers](#)
- ▶ [Watch this 3-minute video on transfers](#)
- ▶ [Read the funding rules for transfers](#)
- ▶ [Review the updated employer agreement](#)
- ▶ Look at your transfers allowance in your account and use the transfers estimator tool
- ▶ Have conversations with potential receiving employers and share [transfers online resources](#).

Apprenticeships funded by transfer of levy funds

Transfers functionality is still being developed. As a result, the rules in this section may be subject to change.

Introduction for employers

E173. From April 2018, levy-paying employers will be able to transfer up to 10% of their levy funds, which were declared for the previous tax year to other employers, including apprenticeship training agencies (ATAs). The 10% transfer allowance is calculated on declared levy multiplied by English percentage, along with the 10% automatic top up from Government. This allowance is recalculated every tax year.

E174. Employers receiving transferred funds will only be able to use them to pay for training and assessment for apprenticeship standards, for new starts from 1 May 2018. Employers will not be able to use transferred funds to pay for training and assessment for apprenticeship frameworks or apprentices that started before 1 May 2018.

Rules for sending employers

E175. A sending employer is a levy-paying employer who wishes to transfer uncommitted levy funds in their apprenticeship service account to another employer to support their delivery of an apprenticeship standard starting from 1 May 2018. These funds can only be used for the cost of apprenticeship training and assessment.

E176. We will calculate the transfer allowance around the start of each tax year (the calculation is based on the period 12 levy figure declared to HMRC). The 10% transfer allowance is calculated on declared levy multiplied by the English percentage, along with the 10% automatic top up from Government. If you are part of an account with connected organisations your 10% transfer allowance will be calculated from the total levy declared by all organisations included within the account. You will not have an individual transfer account.

E177. Provided you do not exceed the 10% transfer cap, you are able to transfer funds to any number of other employers. This may be limited when the new functionality is introduced in April 2018. Details will be communicated on the transfers page on GOV.UK.

E178. To send a transfer you must re-sign the ESFA employer agreement.

E179. You must agree with the receiving employer which apprenticeship standard their chosen apprentice will be undertaking and the price that they have agreed with their chosen provider and end-point assessment organisation. You will need to confirm these details through the apprenticeship service and ensure you do not exceed your 10% transfer cap.

E180. By agreeing to fund an apprenticeship with a transfer you are committing to fund the apprenticeship until completion. You will not be able to stop payments once you have approved the apprenticeship on the apprenticeship service.

E181. The transfer amount should cover 100% of the eligible training and assessment costs, up to the funding band maximum, of the apprenticeship standard. This does not include English and maths training up to and including level 2, which is funded separately.

E182. You cannot jointly fund an apprenticeship with another levy-paying employer.

E183. A transfer of funds will not take place where the receiving employer is eligible for full government funding, because they have fewer than 50 employees and the apprentice is:

183.1 16-18 years old; or

183.2 An eligible 19-24 year old.

E184. The eligibility criteria are detailed in the extra support for small employers section (paragraphs E93 to E96).

E185. You must not impose conditions on the transfer, such as choosing the receiving employer's training provider or end-point assessment organisation for them.

E186. You must not seek or accept any incentives or inducements or any other payments not authorised by us in exchange for sending a transfer.

E187. If you are a training provider who is also a levy-paying employer, you must not deliver training to apprentices you are funding through a transfer. This includes where you are acting as a main provider or a sub-contractor.

E188. The funds that you transfer will retain their initial date of expiry; the date of transfer will not affect this.

E189. As a sending employer, you will not be able to receive any transferred funds from another levy-paying employer, while you are funding a transfer.

Rules for receiving employers

E190. A receiving employer is any (levy-paying or non-levy paying) employer who receives a transfer of funds from a levy-paying employer.

E191. You cannot use a transfer to fund an apprenticeship if you are eligible for full government funding because you have fewer than 50 employees and your apprentice is:

191.1 16-18 years old; or

191.2 An eligible 19-24 year old.

E192. The eligibility criteria are detailed in the extra support for small employers section (paragraphs E93 to E96).

E193. As a transfer of funds will not take place and the apprenticeship will be 100% funded by government, you must not enter these apprenticeships on your apprenticeship service account.

E194. For the purposes of apprenticeships funded by a transfer, the receiving employer is treated as a levy-paying employer.

E195. To receive a transfer you must sign the ESFA employer agreement and ensure apprenticeships funded by a transfer follow the rules in this document.

E196. The transfer amount you receive should cover 100% of the eligible training and assessment costs, up to the funding band maximum, of the apprenticeship standard. This does not include English and maths training up to and including level 2, which is funded separately.

E197. You will need to set up an apprenticeship service account, if you do not already have one. You will need to enter details of the apprenticeship that the transferred funds relate to – if you are not a levy-paying employer then you can only use this account for apprentices funded through transferred funds.

E198. If you already have an apprenticeship service account, you may use this to receive a transfer.

E199. Apprenticeships that are not being funded through either a transfer, or your own levy funds from your apprenticeship service account, must be delivered by a provider who has a contract with us. These apprenticeships must:

199.1 be funded by government-employer co-investment; and

199.2 not be entered on your apprenticeship service account.

E200. The rules on what apprenticeship funding can be spent on are set out in the eligible costs section at paragraphs E75 to E80.

E201. Before entering the details on your apprenticeship service account, you must:

201.1 Agree with the sending employer and the training provider which apprenticeship standard your apprentice will be undertaking; and

201.2 Confirm the price that you have negotiated with your provider. All parties will need to approve these details through the apprenticeship service.

E202. If you are a levy-paying employer, you must not transfer funds to other employers while you are in receipt of transferred funds.

E203. You must not provide any incentives or inducements or any other payments not authorised by us in return for receiving a transfer.

If the total cost cannot be covered by the transfer

E204. If you do not pay the levy or have exhausted the funds in your apprenticeship service account, and at any point the 'sending' employer has insufficient funds to cover the cost of your apprenticeship training you must pay co-investment to your provider for the remainder.

E205. If you are a levy-paying employer, if at any point the 'sending' employer has insufficient funds to cover the cost of your apprenticeship training and you have sufficient levy funds available then these funds will automatically be used before you enter co-investment.

E206. If the total negotiated price of the apprenticeship exceeds the funding band maximum, you must pay all additional costs.

Monitoring

E207. We will monitor transfer activity to ensure apprenticeship funding is used appropriately, and may take action were you do not meet the terms and conditions of using apprenticeship funding. These terms and conditions are set out in these funding rules and the ESFA employer agreement.

ESFA employer agreement. Section 7. Transfer of funding

7.1 Where the Employer is a Sending Employer, it may transfer up to 10% of their previous financial year's levy declaration. In doing so, it must comply with the Sending Employer's obligations in this Agreement and the Funding Rules.

7.2 The Sending Employer must approve the transfer. The Sending Employer must ensure they have sufficient funds in their Employer's Apprenticeship service Account before they agree to make the transfer.

7.3 The Sending Employer must not also receive Transferred Funds.

7.4 Transferred Funds must only be used to fund Training to meet an Approved Apprenticeship Standard and the Employer must ensure that Transferred Funds are used in accordance with the Funding Rules. Where the Employer is a Receiving Employer it must comply with the Receiving Employer's obligations in this Agreement and the Funding Rules. The Receiving Employer must ensure it has a contract for services in place with a Training Provider for the provision of Training to the relevant Apprentice funded by the Transferred Funds.

7.5 The Receiving Employer must not transfer Transferred Funds to another employer.

7.6 If a Sending Employer has insufficient funds to make an agreed Transfer of Funds only available funds will be transferred.

7.7 The Sending Employer agrees and acknowledges that payment of Transferred Funds will be prioritised over other agreed commitments and it shall be liable to pay Employer Co-Investment further to clause 6 where there are insufficient funds in its Employer's Digital Account after the transfer has been made.

7.8 Where there are insufficient Transferred Funds in a Receiving Employer's Digital Account to meet the agreed cost of the Apprenticeship, the Receiving Employer shall pay Employer Co-Investment [further to clause 6 and as set out in the Funding Rules]

Levy Transfer Process (Receiving Employers)

As a first step, both the **receiving and sending employer** should have an apprenticeship service account. To set up the account, the employer needs their government gateway credentials. If you would like assistance acquiring these credentials, they can contact HMRC's government gateway line who can advise on how to acquire these details:

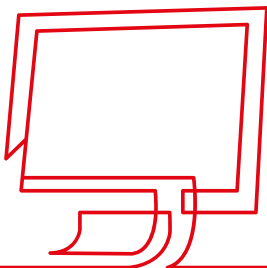


HMRC: 0300 200 3600 → option 3 → option 1

After making sure the government gateway is set up, the **receiving employer** can create an account using the link below by selecting:

“start” → “no this is my first time” → “Yes, I have everything I need” → “Confirm your identity with an email code” → “Find your organisation, or enter the details manually” → “Sign in using your government gateway credentials”

This will then allow you to access your manage apprenticeships account.



[https://accounts.manage-apprenticeships.service.gov.uk/
service/index](https://accounts.manage-apprenticeships.service.gov.uk/service/index)



You can view the process to set up a transfer below:

Receiving employer action 1:

To set up a transfer the receiving employer should give the sending employer their account ID, which can be found on the top left of their apprenticeship service homepage.

Sending employer action 1:

The sending employer should log into their AS account, select.

“Finance” → “Transfers” → “connect with employer” → “continue” → “enter receiving employer account ID” → “Yes, I want to send a request to connect”

This will then show as a pending request.

Receiving employer action 2:

Select. **“Finance”** → **“Transfers”**

They should see a pending request for a transfer. Select. **“Details”** on that request – **“Yes, approve the request”**

Receiving employer action 3:

The receiving employer should then add the apprentice by selecting.

“Apprentices” → **“Add an apprentice”**

At this point a request will appear asking if the employer would like to sue transfer funds, they should select **“Yes”**. The receiving employer will then add an apprentice as normal, the process of which can be found below:

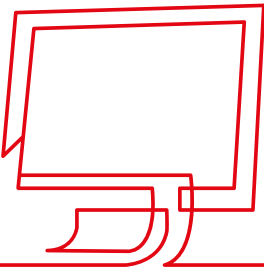
Note: The receiving employer will have to sign the ESFA agreement before adding an apprentice. This can be found under the **“your organisation and agreements section”** of the account. They will also require the Training Provider’s UKPRN number to add the apprentice.

Receiving employer action 4/Adding an apprentice:

Select. **“Apprentices”** → **“Add an apprentice”** → **“Select your organisation** (this option may not appear, in which case it can be ignored” → Enter the training provider’s UKPRN number → select **“Continue”** → **“Yes, use this training provider”**.

From this point you can either enter the apprentice details yourself or ask the provider to do this. Select **“Save and continue”** → **“Approve and send to training provider”**.

There is a video available which guides you through the process of adding an apprentice which can be found below:



<https://sfadigital.blog.gov.uk/2017/03/20/preview-how-to-add-apprentices-and-set-up-payments/>



Training provider action 1:

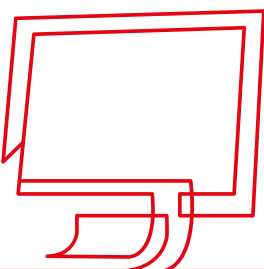
The provider can review and accept the cohort as normal.

Sending employer action 2:

Select. **“Finance”** → **“Transfers”**.

They should see a transfer request. Select **“Details”** on the request, review the request and approve if appropriate. After accepting the request, you will have a connection and a transfer request, both which will say **“Approved”**. This means the process is complete.

The complete video guide to using the apprenticeship service can be found on the link below:



https://www.youtube.com/playlist?list=PLMNVQX_al0ux3SdHgg3lw8D8dPrVHbMY7

