

Employers Guide to Transferring Levy Funding

From April 2019, as a levy payer, you will be able to transfer a maximum of 25% of your annual funds to another organisation to help support new opportunities and widen participation in apprenticeships.

Transferring levy funding

Who can I transfer funds to?

You can transfer funds to any number or type of employer you choose, however you must be a levy paying employer to send funding and the recipient must be registered on the apprenticeships service in order to receive the funding.

Also you cannot transfer funds if you are receiving a transfer yourself.

How is the maximum amount I can transfer calculated?

The maximum amount of 25% of your annual funds is based on:

Total amount of levy declared in the previous tax year + the English percentage applied + the 10% payment from the government.

If your account is connected with other organisations then your transfer allowance will be calculated based on the total levy declared by all organisations.

What else do I need to know before making a transfer?

Before agreeing to fund an apprenticeship you must ensure you can cover 100% of the training and assessment costs for the full duration of the apprenticeship up to the funding band maximum. This doesn't include functional skills up to level 2 because they are funded separately.

You will transfer your funding monthly to the employer throughout the duration of the apprenticeship programme that you have agreed to fund and it will be deducted from your account prior to your own apprenticeships. Once the transfer has been approved you can't stop the payments.

You can't jointly fund an apprenticeship with another levy-paying employer.

You must not impose any conditions on the transfer or seek/receive incentives from employers.

If you are a levy-paying employer provider then you can't deliver training for apprenticeships that you are funding through a transfer.

How do I transfer funds?

Step 1:

You must discuss and agree with the recipient which standards you will fund, the number of apprentices and the cost they have agreed with their training provider and end-point assessment organisation.

Step 2:

You will need to re-sign the employer agreement with the Education and Skills Funding Agency (ESFA). You can find this on your apprenticeship services account.

Step 3:

On your apprenticeship service account you will need to connect with the receiving employer.

Step 4:

Once the receiving employer has added the details of the transfer to the apprenticeship service you must approve this on your account.

Receiving a levy funding transfer

Am I eligible to receive a funding transfer?

You can receive funding provided you are not eligible for the full government funding. Eligibility for government funding occurs when you have fewer than 50 employees and the apprentice is 16 to 18 years old or are an eligible 19 to 24 year old.

Also you cannot receive a funding transfer if you are currently transferring funding to another employer yourself.

What can I use the funding for?

The funding can only be used for the training and assessment costs of new starters enrolled on an apprenticeship standard. It must cover 100% of the training and assessment costs up to the apprenticeship standards funding band maximum. If the cost exceeds the maximum you will need to pay the training provider the difference.

The amount doesn't include functional skills up to and including level 2 because this is funded separately.

What else do I need to know?

- Transfers will be paid monthly into your apprenticeship account
- If the apprenticeship stops so will the funding
- If a training provider transfers funds to you they cannot also deliver that training
- You don't have to pay back any of the funding transferred to you
- If the sending employer runs out of funds then you will need to arrange for the remainder of the costs to be paid to the training provider through a co-investment. This is where you contribute 5 % of the total apprenticeship training cost and the government will pay the remaining 95 %.

State aid

You will need to consider the chance that a percentage of the funding transferred to you could be classified as 'state aid'. This is the amount that you would have had to contribute as part of a co-investment if the funding had not been provided. As of April 2019 this amount totals 5 % of the total apprenticeship cost.

The maximum amount of state aid an organisation can receive in a 3 year rolling period is £200,000. You will need to check how much you have already received so you don't exceed this limit. If you are part of a connected organisation then this amount is the total combined state aid.

What do I need to do as a recipient?

Step 1:

The first thing you will need to do is discuss and agree with the sending employer and the training provider which standards you will be running, how many apprentices will be on the programme and confirm the price negotiated with the training provider.

Step 2:

Then you must register, if you have not done so already, on the apprenticeship service because this is the account you will receive the funding into.

Once you have set up your account you will need to connect with the sending organisations account and enter the details of the apprenticeship being funded by the transfer. **If you do not pay the levy then you can only use this account for apprentices funded through a transfer.**

For more info about how to set up and manage an apprenticeship service account visit

www.gov.uk/guidance/manage-apprenticeship-funds

Step 3:

You will then need to sign an ESFA employer agreement and make sure your apprenticeships that are funded by the transfer comply with the rules of this agreement.

Step 4:

Once the apprenticeship details have been approved by the sending employer the transfer of funding can begin.