

Understanding the Growth and Skills levy

- A guide for schools





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Introduction to the Growth and skills Levy

The Growth and Skills levy (formerly known as the Apprenticeship levy) is a tax on employers in England, introduced to support the training and development of employees through apprenticeships delivered by approved providers, such as ESF Apprenticeships.

It is paid at a rate of 0.5% of an employer's annual wage bill.

Each month, these funds are added to the employer's digital apprenticeship account on the Apprenticeship Service platform. The amount of money in the account increases each month, and employers can draw from this to fund the cost of apprenticeship training for existing employees and/or take on apprentices as new members of staff.

As an employer, you have to pay Growth and Skills levy each month if you:

- Are located in England and
- Have an annual wage bill of **more than £3 million**

Levy paying employers can access their funds through the central Digital Apprenticeship Service (DAS).

Use it or lose it!

If unused funds remain in a schools' account for 24 months, they expire and are returned to the government.

What happens if the wage bill is under £3 million?

Given the salary threshold of £3 million, not all schools will pay the Growth and Skills levy. Settings which do not pay the levy can still take advantage of apprenticeship training, but will pay 5% of the training and assessment costs – the remainder of the cost is paid by the government. If your school is in this situation, please read on to find out about Levy Transfer, as you may be able to use another organisation's apprenticeship levy to fund programmes for your staff.

What about the devolved nations?

Legislation surrounding apprenticeships exists, but is different in each of the devolved nations. The employer contribution to the Growth and Skills levy is based on the wage bill of staff based in England, and apprentices studying an apprenticeship that is funded by the levy must spend 50% of their time working in England.



What funding is available and how do I access my school's levy?

Schools, nurseries and colleges in England can access the levy to fund apprenticeship training programmes ranging from Level 2 up to Level 7. Apprenticeships are open to anyone aged 16 and above, there is no upper age limit.

Claiming the levy depends upon the type of setting you are in. If you think that you are paying the Growth and Skills levy, you will need to establish:

- Which organisation / individual controls the funds
- How much funding your school will have access to and the steps involved in accessing the funding
- Speak to your bursar, business manager or finance team to find out more



Local Authority schools benefit from the collective contribution into the Local Authority's large levy pot, known as a shared levy pot. Schools should be able to access this funding even if their school payroll is below the £3 million levy threshold.

Local Authority schools can request funding from their council's Growth and Skills levy pot to support eligible apprenticeship training, by contacting the Local Authority's Apprenticeship Team.

(Note if your school is in a pooled PAYE system things may be slightly more complex but this is where apprenticeship advisors at ESF apprenticeships can help).

Multi-academy Trusts often have a wage bill of over £3m and so will have a 'levy pot'. Contact your MAT's central finance or HR team as the next step.

Voluntary Controlled schools should also approach their Local Authority as they are the employer.

Voluntary-aided and Foundation schools, if non-levy paying, can access 95% of the cost through government apprenticeship funding. Further support may be accessed via the Local Authority or through levy transfer.

Use it or lose it!

If unused funds remain in a schools' account for 24 months, they expire and are returned to the government!

How can schools spend their Growth and skills levy?

Upskill and develop your current staff

Have you considered using the levy as your CPD budget to increase the skills within your organisation and boost employee retention?

As an approved training provider, we can provide your staff with the high-quality training they need to flourish and succeed.

Bring new staff into your setting via apprenticeships

Increase capacity in your school or setting to support pupils in the classroom and/or deliver PE health and wellbeing initiatives across your curriculum. We have a number of apprenticeships suitable for those starting their careers in education.

You can access the Growth and Skills Levy to gain funding towards the cost of training and assessment of an apprentice.



How can schools benefit from levy transfer?

Large organisations can support employers through what's known as levy transfer.

Many large employers do not use all of their levy funds, resulting in unused balances.

To prevent funds from going to waste and being returned to the government, larger organisations can support other organisations, by making up to 50% of their annual levy funds available to eligible employers who need financial assistance with apprenticeships.

Please note: The transferred funds must cover the full cost of the apprenticeship training and assessment costs for the receiving employer's apprentice(s), not just the 5% they would pay without levy transfer.

For example, the funding band for a Level 3 Teaching Assistant apprenticeship is £7,000. The levy transfer would need to cover the full £7,000 fee, not just £350 (5%).



How does levy transfer work?

If you think that your setting is paying the apprenticeship levy:

- You'll need to have an apprenticeship service account – You'll need a GOV.UK One Login to set up or access an account. If you do not have an apprenticeship service account you can read the guidance on setting one up.
- Search for a levy transfer partner [here](#). When seeking applicable funding, there may be stipulations such as the geography in which the apprentice is located, the sector they work in, the level of apprenticeship and type of role.
- Once you've located a transfer partner, you'll need to log into your apprenticeship service account in order to apply for the transfer of funds.
- Your application is shared directly with the levy transfer partner. They will review and confirm if they have accepted your application. Levy partners will commit to funding the full duration of the apprenticeship and you will receive the funds into your apprenticeship service account on a monthly basis.
- If your application is rejected you can apply for another transfer

If seeking to use levy transfer, we would encourage you to start this process as early as possible, as funding must have been agreed prior to the start of the apprenticeship.

The ESF Apprenticeships Team is available to help you with the levy transfer process.

Explore our programmes

Teaching assistants; programmes available at Level 3 and Level 5 enabling your Teaching Assistants to further their careers and develop specialist skills to support pupils.



SENCOs; the Level 7 Advanced SEND Leader programme offers experienced SENCOs the ability to gain the skills to develop and execute a strategic plan for SEND, develop their vision for inclusion and build a high-performing SEND team.



PE specialists; apprentices will develop the knowledge, skills, and behaviours to support the teacher and enhance pupils' learning in Physical Education or become qualified sports coaches.



Assistant SENCOs; the Level 5 Assistant SENCO programme offers training for those aspiring to, or currently in the role. It provides the knowledge, confidence and leadership skills for participants to deliver high-quality, inclusive support for pupils with SEND, and effective support for the SENCO.



Early years practitioners; apprentices will build the key knowledge, skills, and behaviours to work in an Early Years setting and related job roles including a nursery nurse and childminder.



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Growth and Skills levy FAQs

01. Can I use my Growth and Skills levy to train more than one apprentice or upskill more than one current member of staff in a year?

Yes. There is no limit on the number of apprentices that can be trained or the number of staff that can be upskilled as long as you have accrued sufficient funds in your levy. If a school uses their levy pot they can still access apprenticeship funding and will be required to make a small contribution to the overall cost.

02. What is the timeline for using my Growth and Skills levy funds?

Levy funds are available for two years from the date they enter your digital account. If funds are not used within this 24-month period, they expire and are returned to the government.

This expiration policy follows a rolling basis, meaning funds from each month's contributions will expire 24 months later if unused.

03. What does my annual wage bill include?

Your annual wage bill is all payments to employees that are subject to employer [Class 1 secondary National Insurance contributions](#) such as wages, bonuses and commissions.

Your pay bill must include payments to:

- All employees earning below the [lower earnings limit and the secondary threshold](#)
- Employees under the age of 21
- Apprentices under the age of 25

04. What do I do if I'm using a modified PAYE scheme?

If you run a modified PAYE scheme you need to account for National Insurance contributions as usual. Use a best estimate of all earnings that are subject to Class 1 secondary National Insurance contributions to check if you need to pay the Growth and Skills levy. You need to submit an Employment Payment Summary each month using these estimated figures.

At the end of the tax year, you also need to:

- check your estimated pay bill against the actual figures for the tax year
- submit an extra Employment Payment Summary to correct any difference and pay any Apprenticeship Levy owed.

05. What if my levy pot runs out?

If you have used all of the funds in your Growth and Skills levy pot, don't worry, staff can still access training. Your organisation would pay 5% of the remaining apprenticeship costs.

06. What can I use the Growth and Skills levy for?

Funds from the Growth and Skills levy can only be used to pay for apprenticeship training and assessment costs. Levy funds cannot be used to pay apprentice wages or for the cost of 'top-up' qualifications that don't form part of the apprenticeship. For example, via our Level 5 Specialist Teaching Assistant Apprenticeship, optional HLTA status can be gained, however there is an additional fee for this which cannot be funded through the levy.



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