

# APPRENTICESHIP FUNDING FACT SHEET

The Apprenticeship funding policy from the ESFA sets out rules and guidelines for both Levy paying and non-Levy paying employers, outlining what contributions employers owe towards the cost of apprenticeship training and what funding options are available. This factsheet is designed to help employers understand the key elements of this funding policy.

## Employer Contribution & Funding Options

Employers are divided into three categories to define the contribution the Employer is expected to pay towards the cost of the apprenticeship training. There are different funding options available if employers are unable to pay the required contribution.

Levy Payer	Co-Funded	Fully Funded
Payroll bill over £3million	Payroll bill under £3million but with more than 50 employees	Payroll bill under £3million with fewer than 50 employees and employing apprentices aged 16-18
0.5% Levy Tax on your annual payroll which can be used to pay for the cost of training	You will pay a 5% contribution towards the training costs	£0 required, apprenticeship training is fully funded
Plus, you will receive an additional 10% on your Levy Tax from the Government	The Government will pay the remaining 95% of the training costs	The Government will pay 100% of the training costs for you
What if I use up all the funds in my Levy pot and want to take on more apprentices?	What if there isn't enough Government funding available?	What if there isn't enough Government funding available?

Transfer or receive up to 25% of a levy payer's unused apprenticeship funds.  
[Transfers – Apprenticeship Service Support \(education.gov.uk\)](https://www.education.gov.uk/transfers-apprenticeship-service-support)

All employers receive a £1,000 incentive for taking on a 16-18 year old apprentice, a 'care leaver' aged up to 24, or an EHCP holder up to 24 years old.  
The incentive is paid in two payments: at 3 months and at 12 months.

## Funding Explained

Every employer has to open an Apprenticeship Service Account in order to obtain funding for their apprentices. [Create an account to manage apprenticeships - Manage apprentices \(manage-apprenticeships.service.gov.uk\)](https://www.gov.uk/guidance/create-an-account-to-manage-apprenticeships)

This account will let employers:

- set up apprenticeships and advertise them
- set permissions to allow their Training Provider take actions on their behalf, minimising the administration, for example by reserving funds
- choose quality Training Providers and select suitable end-point assessment organisations
- give real-time feedback on training to the Apprenticeship Service which helps them to improve the quality of apprenticeships
- reserve apprenticeship funding as soon as it becomes available

## I am a small employer with fewer than 50 employees, but my apprentice is aged 19+, do I need to pay the 5%?

Yes, despite your size if your learner is aged 19+ you fall into the co-funded category requiring you to pay the 5% contribution.

## I am a Levy Payer, how do I work out how much Levy I have?

The amount you have available to spend is calculated on a monthly basis as follows:

- Your levy is 0.5% of your gross annual payroll, less a £15,000 allowance.
- The balance is then divided by 12 and rounded down to the nearest pound.
- This gives a monthly levy payment which is then multiplied by the % of your employees living in England. The government tops that up by 10%, which gives you the final monthly amount.

## I am eligible for co-funding, when am I expected to make the payments?

This can be paid in two ways:

- Upfront payment
- Instalments over the first three months - if over £1,200

## Does this funding cover the cost of my apprentice's salary?

No, paying the apprentices salary is an additional cost on top of their training and is the responsibility of the employer.

## Our team is here to help

We have a specialist apprenticeship funding advisor who can help you with any funding queries and support you in setting up your Apprenticeship Service Account.

Our dedicated Business Skills team and Business Skills Manager will also support you with the whole process of how to recruit apprentices and the responsibilities for both parties.

We also have a team of Apprenticeship Advisors who will support the apprentices to get employment and help to recruit the right apprentice for you.

## Useful links

Visit the [Gov.UK website for regular updates on policies and reforms](https://www.gov.uk/guidance/apprenticeship-funding-rules)

[www.gov.uk/guidance/apprenticeship-funding-rules](https://www.gov.uk/guidance/apprenticeship-funding-rules)

## For further information and tailored advice, you can contact us:

### General Enquiries & Support

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