



Apprenticeship Levy Frequently Asked Questions

How are apprenticeships paid for and are they affordable?

Payments are spread across the entire lifetime of the apprenticeship - taken each month by your training provider. This means that you don't have to meet the full cost of the apprenticeship at the start of the training.

You just need enough funds in your account to meet the monthly payments. In addition, 20% of the cost of the apprenticeship will be held back and taken from your Digital Apprenticeship Service (DAS) online account at the end of the apprenticeship.

Do Levy funds run out?

Yes. Levy funds will expire 24 months after they enter your digital account unless you spend them on apprenticeship training. For example, funds that entered your account in July 2017 will expire in July 2019.

If you don't use them, you will lose them.

The account works on a first-in, first-out basis.

Whenever a payment is taken from your digital account it automatically uses the funds that entered your account first.

What can apprenticeship levy funds pay for?

Levy funds can pay for apprenticeship training and assessment. This must be with an approved training provider and a registered end-point assessment organisation.

They cannot pay for apprentices' wages, travel or subsidiary costs, managerial costs, work placements, traineeships or the costs of setting up an apprenticeship programme.

How much will an apprenticeship cost?

Each apprenticeship has been placed into one of 15 funding bands ranging from £1,500 to £27,000. These bands determine the maximum amount that can be spent on each apprenticeship.

The upper limit of the funding band also caps the maximum price that the government will 'co-invest' if an employer does not pay the Apprenticeship Levy, or has insufficient funds to pay for the number of apprenticeships they want to use.

What age do apprentices have to be - can levy funds be used for existing employees?

Apprenticeships can be offered to new or current staff of all ages and at any level. Older staff, even those with degrees, can follow an apprenticeship if they are taking on new roles or require new knowledge and skills.

Can employers use the Levy to fund apprenticeships in their supply chain?

Yes. From April 2018, you can transfer 10% of your funds to another employer's digital account.

What happens if an employer's Levy funds doesn't cover the full cost of training?

If an employer pays the Apprenticeship levy but their funds don't cover the full cost of the apprenticeship training they would like to buy, then additional support is available.

The government will pay 90% of the additional costs (up to the maximum of the relevant funding band) - with you as the employer 'co-investing' 10%.

What are the additional financial incentives for employing a 16-18 year old?

Employers are given an extra £1,000 for taking on an apprentice aged 16-18. The money is paid in two stages - at 3 and 12 months.

An extra £1,000 is also available for apprentices aged 19-24 with additional learning needs or who come from a disadvantaged background.

What happens if employers take on an apprentice who needs help with English and Maths?

If you employ an apprentice who needs extra help with English and Maths, additional payments are made to your training provider. This does not come out of your Apprenticeship Levy funds.