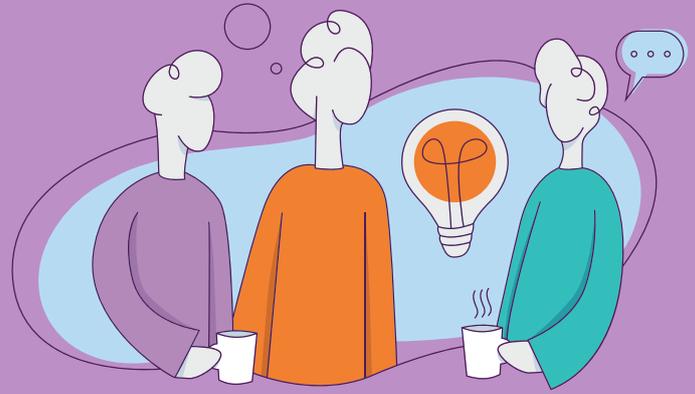


# THE APPRENTICESHIP LEVY TRANSFER AND HOW TO USE IT

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Every business can be a force for good  
*Updated in January 2021 for Heart of the City with the help of The London Progression Collaboration*

You've probably heard of the apprenticeship levy, a policy introduced by the government in 2017. It requires larger employers to spend a proportion of their budget to fund apprenticeship training. This encourages businesses to think seriously about workforce training and development - and take advantage of the range of qualifications available through the apprenticeship system.

Currently SMEs are missing from this focus, instead having to contribute to the cost of training through a co-investment route with the government. This cost can be prohibitive and the availability of co-investment funding is sometimes an issue. Meanwhile, larger businesses are struggling to make full use of their levy, with an estimated £470m unspent in London in 2017/18.

### **This is where the apprenticeship levy transfer can help you:**

Apprenticeship levy transfer allows bigger employers to reallocate up to 25% of their apprenticeship levy to other businesses. This is great news for SMEs as they can use this for apprenticeships and the development of existing employees.

By working together in this way, companies large and small can showcase their commitment to responsible business, making it a win-win for everyone!

Our friends at [The London Progression Collaboration](#) (LPC) have shared their tips on how Heart of the City members and ambassadors can get involved:

### **Top tips for SMEs**

1. Choose apprenticeship standards and training providers that meet the needs of your business; you'll need these things in place before you receive levy transfer. The LPC can help organise this, and you can [get in touch with them](#) for help. You can also get more help from [the Institute for Apprenticeships](#).
2. Think about how apprenticeships could fit into your existing workforce strategy, and any current or future skills gaps. Don't forget you can use apprenticeships to upskill existing employees as well as to bring in new people.
3. Start shortlisting levy partners you could approach for support, such as existing corporate partners or clients. You could use an intermediary such as the LPC to help broker these partnerships.

### **Top tips for levy payers**

Levy transfer is a fairly straightforward process, but here are some things you should think through before you commit:

1. Think strategically about which organisations you'd like to support - you could work with an intermediary to help you shape this.
2. Which type of training do you want to support? For example, you could focus on entry level qualifications or addressing skills gaps in your sector.
3. Work out how much you can afford to transfer, checking your available levy allocation on the online apprenticeship service. You may also want to think about any future plans you have for apprenticeship provision internally.
4. Consider any long-term relationships you'd like to form with the employers you're supporting - and how these partnerships could benefit both sides.



## Further reading

### What is the apprenticeship levy?

Apprenticeships are a form of work-based training delivered through partnerships between employers and registered training providers, with at least 80% of training spent in the workplace. The qualifications have been developed by employer trailblazer groups, who make sure they're responsive to the needs of business, and provision is monitored by OFSTED. Apprenticeships can be used for new or existing employees and range from GCSE equivalent qualifications to degree level or higher.

The apprenticeship levy asks employers with a wage bill of over £3m to spend a proportion of this on training apprentices. Businesses that fall below this threshold can fund apprenticeships through a co-investment route with the government, paying 5% towards the cost of training an apprentice. How much this costs depends on the value of the selected training. For example, the LPC has supported employers with a range of qualifications, from hospitality training (costing £4,000) to laboratory technician training (costing £21,000).

### Levy transfer: an opportunity for levy and non-levy paying businesses

Whilst many apprenticeship levy payers are struggling to spend their full allocation, the cost and the complexity of co-investment is prohibitive for lots of SMEs.

Apprenticeship levy transfer can allow levy payers to make better use of their funding, and at the same time gives SMEs much needed access to training to develop and grow their workforce.

Additionally, by thinking strategically about which organisations to support through levy transfer, employers can use the process to align to existing corporate priorities. As apprenticeship levy funding is money already allocated by the business, employers can boost their commitment to responsible business and social value at no extra cost.

### About The London Progression Collaboration

The London Progression Collaboration is creating a movement of employers, committed to their employees' progression and to their sectors' skills. Their mission is to help more than 1,000 Londoners to progress into work, and from low-paid work into better-quality, higher-paying jobs.

Through their Reskilling the Recovery campaign, the LPC has raised over £3.5m of apprenticeship levy funding in London to support SMEs in priority sectors to receive support to develop their workforce through levy transfer.

The LPC is supported by the Mayor of London and J. P. Morgan.

A huge thank you to The LPC for producing these top tips!

