



Understanding Levy Transfer: A Simple Guide for Organisations

What is the Apprenticeship Levy Transfer?

The Apprenticeship Levy Transfer is a government initiative designed to allow organisations to share their unused Apprenticeship Levy funds with smaller businesses. This mechanism enables larger organisations, who pay the Apprenticeship Levy, to support smaller enterprises in funding Apprenticeship training.

How Does it Work?

1. Levy Payer

Large organisations in the UK with an annual pay bill of over £3 million are required to pay the Apprenticeship Levy.

2. Unused Levy Funds

If a levy-paying organisation does not utilise all of its levy funds for their own Apprenticeship training, they have the option to transfer up to 50% of their annual levy funds to other eligible employers.

3. Recipient Employers

Small and medium-sized enterprises (SMEs) who are interested in hiring apprentices but do not have sufficient funds in their Apprenticeship Service Account can receive transferred levy funds from larger organisations.

4. Transfer Process

Donor organisation

To initiate a transfer, the donor organisation must access the Apprenticeship Service Account (ASA), the government's online portal for managing apprenticeship funding. Within the ASA, the donor selects the option to make a transfer and enters the details of the recipient employer, including their Apprenticeship Service Account ID and the amount of levy funds to transfer

Recipient employer

Once the transfer is initiated by the donor organisation, the recipient employer receives a notification in their ASA account indicating that levy funds have been transferred to them. They can then view the transferred funds in their account and use them to pay for the training and assessment costs of their apprentices.

Agreement

The agreement in place is between the donor organisation and the recipient employer.

Payment priority

Transfers within the donor organisation's ASA will take priority for payment. This means that if levy funds are low, the recipient will receive the money, and the donor organisation will have to pay the 5% contribution for their own staff on Apprenticeship.

Monthly transfers

Transfers occur monthly rather than the full donation being taken out of the donor organisation's account to the recipient.

Insufficient funds

If the donor organisation runs out of funds, the recipient, if they are a non-levy payer, will have to pay 5% of that month's Apprenticeship cost. If they are a levy payer, they will have to pay the full month's cost.



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Benefits of Levy Transfer:

✓ **Support for SMEs:** Levy transfer allows SMEs to access additional funds for Apprenticeship training, which they may not have been able to afford otherwise.

✓ **Strengthening Partnerships:** Levy transfer encourages collaboration between larger and smaller organisations, fostering stronger partnerships within the business community.

✓ **Boosting Apprenticeship Opportunities:** By transferring levy funds, larger organisations can contribute to increasing the number of Apprenticeship opportunities available, thereby supporting skills development across various industries.

✓ **Corporate Responsibility:** Participating in levy transfer demonstrates a commitment to corporate social responsibility by investing in the development of the broader workforce and supporting smaller businesses in their growth.

✓ **PR Opportunities:** Engaging in levy transfer can enhance the public image of the donor organisation, showcasing their dedication to investing in the future workforce and supporting the local economy. This positive PR can help attract talent, build trust with stakeholders, and enhance brand reputation.

Considerations:

Eligibility

Not all organisations are eligible to receive transferred levy funds. Recipient employers must meet certain criteria set by the Government, including being registered on the Apprenticeship Service and having an active Apprenticeship agreement in place.

Maximum Transfer Limit

Donor organisations can transfer up to 50% of their annual levy funds. It's important to plan transfers carefully to ensure compliance with this limit.

Communication

Effective communication between donor and recipient organisations is essential for coordinating the transfer process and ensuring that funds are used appropriately.

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