

# Growth and Skills Levy Update

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## Side by side view of key changes

Feature	The Apprenticeship Levy	The Growth & Skills Levy
Fund expiry	24 months	12 months
Government top up	10% added to levy	0% from August 26
SME cost (under -25s)	5% co-investment	0% (training fully funded)
Levy payer co-investment	5% when funds exhausted	25% when funds exhausted (from Aug 26)
Training type	Full apprenticeship standard	Standards plus modular units (from April 26)
The 50% rule	N/A	Max 50% of levy spends on units (from April 26)
Level 7 eligibility	All ages	Primarily under 22s (with specified exceptions from Jan 26)



Incentives:	SME	Larger businesses
Recruiting a 16-24 year old apprentice	£1000	£1000
Recruiting a 16-24 year old apprentice	£2000 from Oct 26	N/A
The apprentice is a care leaver	£3000	£3000
The apprentice is recruited onto a foundation apprenticeship	£2000	£2000
If the apprentice has been on Universal credit	£3000 (Jobs Grant) from June	£3000
Training costs for under 25s	100% funded from Oct 26	Contribution required
Exempt from NI contributions for apprentices earning less than £50K	Yes	Yes
Stackable incentives	Up to £11000 per apprentice recruited	Up to £9000 per apprentice recruited



# Impact of apprenticeship reform

How large employers manage their levy pots

Redirect public subsidy towards young people

Redirect public subsidy towards government priority skills

Faster use of levy funds (12-month window – use it or lose it model)

Expect larger employers to shoulder more of the cost of later career training

Financial incentives are stackable

Increased Incentives for non-levy paying employers

Emphasis on 16–24-year-old apprentices

Simplification of the apprenticeship system to ensure funding is targeted where it is most needed