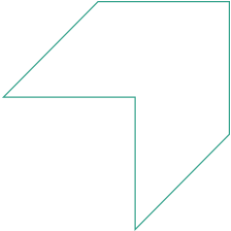


# Growth and Skills Levy

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# Growth and Skills Levy update



- The Growth and Skills Levy replaces what was the Apprenticeship Levy and is a UK government initiative to fund apprenticeships.
- If a business has an annual wage bill of £3 million or more, they are required to contribute 0.5% of that total towards the apprenticeship levy. In return, they receive a Levy Allowance of £15,000.
- The **Growth and Skills Levy** has brought about changes to recruiting and training apprenticeships, some apply to all businesses regardless of size and others solely to SMEs and with greater incentives for recruiting younger apprentices aged 16-24.
- Up to 50% of the levy can now fund short and flexible apprenticeships to help businesses meet skills gaps faster.
- Levy payers can now transfer up to half of their annual levy.

# Side by side view of the key changes



Feature	Apprenticeship Levy	Growth & Skills Levy
Fund expiry	24 months	12 months
Government top-up	10% added to levy	0% (from Aug 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 Apr 26)
The 50% rule	N/A	Max 50% of levy spends on units (from Apr 26)
Level 7 eligibility	All ages	Primarily under 22s with specified exceptions (from Jan 26)

# Incentives



Incentive	SME	Large
Recruiting a 16–24-year-old apprentice	£1000	£1000
Recruiting a 25+ year old apprentice	£2000 (from Oct 26)	N/A
The apprentice is a care leaver	£3000	£3000
The apprentice is on a Foundation apprenticeship	£2000	£2000
The apprentice has been on Universal Credit	£3000 (Jobs Grant (from June 26))	£3000
Training costs for under 25-year-olds	100% funded (from Oct 26)	Contribution required
Exempt from NI contributions for apprentices earning less than £50K	Yes	Yes
Stackable incentives	Up to £11,000 per apprentice	Up to £9,000 per apprentice

# 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.



## For more information please visit:

- [Find funding and support](#)
- [Find training and employment schemes for your business - The Growth and Skills Levy](#)
- [Contact the North East Growth Hub](#)