# Growth and Skills Levy Update

North East Mayoral Strategic Authority

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# Side by side view of key changes

| Feature | The (old) Apprenticeship Levy | The (new) Growth & Skills Levy |
|---|---|---|
| Fund expiry | 24 months | 12 months |
| Government top up | 10% added to levy | 0% from August 26 |
| SME training costs under 25-year-olds | 5% co-investment | 0% (training fully funded) |
| Levy payer co-investment | 5% when funds exhausted | 16-14-year-olds are exempt<br>25% for over 25's when funds exhausted (from Aug 26) |
| Training type | Full 12-month apprenticeship standard | Full apprenticeship standards, shorter apprentices and modular apprenticeship units |
| The 50% rule | N/A | Max 50% of levy spends on units |
| Level 7 eligibility | All ages | Primarily under 22s (with specified exceptions from Jan 26) |

# Incentives

| Financial Incentives: | SMEs | 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 | 100% funded |
| 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