



Companies can pass on part of their unused Apprenticeship Levy funds if they can't, or choose not to, spend all those funds internally on their own apprentices. Companies could pass up to 10% of their Levy pot (25% from April 2019) to a supplier, a partner, or any other company they choose.

Since the Apprenticeship Levy was announced some companies, such as the big car-manufacturing companies, have asked if they would be able to pass some of their Levy pot to another company. These companies were clearly thinking in terms of supporting apprenticeship development in their supply chain, but the [rules announced in February 2018](#) have been drawn much more liberally than that:

*There are currently no restrictions about who you can transfer funds to.*

Companies could therefore use this opportunity to support apprenticeship development:

- in their supply chain
  - with other business partners
  - with other local partners
- as part of their process of ensuring quality outcomes for their customers
- as part of their Corporate Social Responsibility programme

### How does it work?

- Only levy-paying companies can make a transfer.
- Companies can transfer a maximum of 10% of their annual funds. (How the percentage is worked out, and how the mechanism works, are both explained [here](#)). The Chancellor has announced that the percentage will rise to 25% from April 2019.
- Any employer can receive and use transferred funds, but they have to be [registered with the apprenticeship service](#). (Just as two individuals transferring money electronically between them must both have electronic bank accounts).
- A transfer can only be used to pay for training and assessment for statutory - that is, Government-approved – apprenticeships, and only new-style apprenticeship *Standards*. (not the older Framework apprenticeships they replace).

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- The transferred funding can only cover up to the maximum of the allocated funding band for the apprenticeship supported. Companies are free to make other arrangements for any further costs, but cannot use Levy funds beyond that point.
- The funding must be for specific apprentices, and the two companies must agree the costs before the transfer starts. (ie it is not a general transfer of cash: the opportunity is here to support apprenticeship training only).
- Companies cannot both give and receive Levy funds; it has to be either / or.

This transfer option is only available in England, not the rest of the UK.

The Government publishes detailed funding rules for apprenticeships, and they will be updating those rules. The general guidance is [here](#). The rules will set out the detail to cover all eventualities, such as an apprentice leaving early, or either company (the giver or the receiver) ceasing to trade.

### State Aid

Some companies may be affected by the [state aid](#) rules, because Apprenticeship Levy funds count as taxpayer funding, and therefore fall within those rules. This is most likely to apply to companies which have received other Government grants within the last three years. Or where some “connected company” (typically another company within a group structure) has done; the permitted ceiling for funds which count as state aid applies to the whole group, not just parts of it.

10% of all the funds companies receive as a transfer from another employer count as state aid.

Companies which may be affected should therefore check how much state aid they have already received in any three-year period, so they do not go over the €200,000 limit they are allowed. The Government’s guidance on state aid is [here](#).

### Useful Links

The Institute for Apprenticeships publishes the full list of [currently-approved Apprenticeship Standards](#).

There is more information about apprenticeships, particularly maritime apprenticeships, including apprenticeships in Scotland, on the [Maritime Skills Alliance website](#).

[Apprenticeship funding: how it works](#) is the Government’s web page with full details.

The Government also publishes [an online tool to help companies estimate how much Levy they should pay](#).

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