
APPRENTICESHIPS LEVY TRANSFER OPTION

OPPORTUNITIES AND RISKS FOR EMPLOYERS

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Introduction

NHS Employers works with organisations across the health service to help them be the best employers they can be. We have developed a range of resources to help organisations get the most out of apprenticeship reforms.

Since April 2017, employers with a pay bill over £3 million pay an apprenticeship levy and then access funds through an online account to spend on apprenticeship training. From May 2018, these employers can transfer up to 10 per cent of the value of their annual levy fund to another employer to support its delivery of apprenticeships. From April 2019, this will increase, and employers will be able to transfer up to 25 per cent of their annual levy fund.

This briefing sets out the rules for employers looking to transfer levy funds, the possible risks to be aware of, and some of the opportunities and options this functionality creates.



What is the apprenticeship levy transfer?

- Since May 2018, levy-paying employers can transfer up to 10 per cent of the value of their annual levy fund to any other employer, or apprenticeship training agency. From April 2019 this will increase, to up to 25 per cent annual levy transfer.
- Provided they do not exceed the transfer cap, employers can make transfers to as many other employers or apprenticeship training agencies as they choose.
- Transferred funds are used to pay for the training and assessment cost of apprenticeships.
- Transfers are managed through the apprenticeship service, with payments made monthly from the sending employer account into the receiving employer account.
- Any employer wishing to receive and use any transferred funds must register and set up an account with the apprenticeship service, and have a signed agreement with the Education and Skills Funding Agency (ESFA).

The rules

- Only levy-paying employers can make a transfer. To enable transfers employers must re-sign an ESFA employer agreement, which has been updated to include transfers.
- Transferred funds can only be used to pay for training and assessments delivered under apprenticeship standards, for new starters from 1 May 2018.
- Transferred funds cannot be used to fund apprenticeships delivered under a framework, for example, the business admin level 2 framework.
- If you currently receive levy funds from another employer (you may receive a transfer from the lead employer in a junior doctor training arrangement, for example) you can't then transfer funds to other organisations to fund apprenticeships.
- Equally, if you are the lead employer in a lead employer partnership you may need to check to see whether you have a levy transfer agreement in place. If you do, and you will be transferring levy funds out of your account, you will not be able to receive levy funds from any other employer.
- If a training provider transfers funds to you, they cannot then deliver the training of the apprenticeship they are funding, whether they are the main provider, or a sub-contractor.
- Any funds that are transferred retain their initial date of expiry, and the date of transfer will not affect this.
- You will not be able to stop payments once you have approved the apprenticeship on the apprenticeship service (unless the apprenticeship stops).
- Funds cannot be transferred to employers with fewer than 50 employees where the apprentice is aged 16 to 18 years old (or 19 to 24 years old who has an education, health and care plan, or is a care leaver) as those apprentices are eligible for full government funding.

How the transfer works in practice

Both the sending and receiving employers must be registered with the apprenticeship service and have an online digital account. Both employers must have a signed agreement with the Education and Skills Funding Agency (ESFA).

Employers wanting to transfer funds can find employers who want to receive funds in a number of ways. Examples may include:

- an employer in their supply chain
- another healthcare service provider
- an employer in another industry
- an apprenticeship training agency (ATA)
- a need identified through work with regional partners.

Transferred funds can only pay for the training and assessment costs of apprenticeship standards that are agreed with the receiving employer, and are paid monthly for the duration of the apprenticeship.

Before making a transfer, employers should make sure:

- they have enough funds to cover the cost of the transfer to the other employer or ATA
- they have a clear understanding of the forecasted cost for the duration of the apprenticeship
- they understand they will be funding the total cost of the apprenticeship and not just a 10 per cent co-investment.



Possible risks

Employers over-commit their funds

For transfers, the cost of the apprenticeship is calculated and deducted from your account on a monthly basis. For sending employers this monthly cost will be transferred from your account prior to any deductions taken for your own apprenticeships.

Through a combination of planned apprenticeships internally and through transferring funds to another company, sending employers could inadvertently be left with insufficient funds to fully meet the monthly costs of their apprenticeship training.

If this occurs the principle of employer-government co-investment will apply and the employer will have to pay 10 per cent of any outstanding balance for that month. The government will pay the remaining 90 per cent up to the funding band maximum.

Receiving employers need to be aware that should a sending employer have insufficient funds to cover the cost of the transfer, then the receiving employer will either:

- enter a co-investment arrangement (if they do not pay the levy, or pay the levy and have exhausted funds in their own account)
- or use their own levy funds (if they are a levy-payer and have sufficient funds available).

Mitigation: robust forecasting processes and planning activity.

Employers preclude themselves from the transfer functionality

Employers could preclude themselves from making best use of the transfer functionality by receiving funds from another employer.

For example, Employer A transfers a percentage of its levy fund to Employer B to achieve the number of people required to get a programme up and running and help drive down the cost of the course with the higher education institution (HEI). If Employer B then wishes to transfer levy funds to an employer in its supply chain, it is not able to do so as it has received funds from Employer A.

Mitigation: ensure employers are fully aware of the rules for transferring and receiving funds and the potential implications.



Opportunities for employers to use this functionality

Employers can use this functionality to fund apprenticeships in organisations that they outsource services to or work with across an integrated care system/ sustainability and transformation partnership (ICS/STP) area. This could support skills development in other parts of the health system and have a positive impact on service delivery in both the funding and receiving organisations.

By forecasting, employers can look ahead to anticipate whether they will spend all of their levy, and allocate funds to transfer to minimise the risk of unused funds expiring.



Options for using the transfer

Support the viability of apprenticeship programmes

Your trust may find itself in a situation where it only wants/needs to put a certain number of people onto an apprenticeship but the training provider requires a larger number to run the programme. An employer may therefore wish to transfer a percentage of its levy to another trust or health provider (including primary care) to put apprentices onto the same programme and provide the numbers required. This may also give some negotiating power to employers to drive down the cost of the programme with the training provider.

Outsourced services/supply chain

Set up an agreement with an outsourced service, or an organisation in your supply chain, to fund an apprentice who will indirectly support service delivery and patient experience. Examples could include:

- gardener (horticulture and landscape operative apprenticeship) – an employer could negotiate that the receiving organisation provides a set number of hours per month, spent onsite maintaining green spaces
- on-site retailers – offer to fund a retail leader or manager apprenticeship
- catering (hospitality manager/supervisor or team member apprenticeship) – they would then be deployed in the NHS organisation
- payroll (accounting apprenticeship) – where the apprentice works for the outsourced organisation who processes your payroll
- pensions (workplace pensions administrator or consultant) – where the apprentice works for the outsourced organisation who processes staff pensions.

Work in partnership with integrated care systems/ sustainability and transformation partnerships

Employers could collaborate with other partners in their ICS/STP to identify future health skills gaps across the geography. They could each transfer levy funds to smaller health employers to pay for apprenticeships that provide the skills needed across the region.

Integrated care system/sustainability and transformation partnership priorities

While the levy cannot be used to joint-fund apprenticeship training, you could nominate one trust in your ICS/STP to be the lead organisation which employs apprentices to deliver work benefiting the whole region.

Trusts could transfer a percentage of their levy to that lead organisation to fund those apprenticeships. Examples could include a business admin or project manager apprenticeships. These roles could be used to support and lead on the delivery of ICS/STP-wide projects/workstreams across the region. This approach would also strengthen relationships and encourage collaborative working.

Build capacity in voluntary, community and social enterprise sector

Employers could work in partnership with voluntary, community and social enterprise (VCSE) care delivery partners, such as local health charities, to identify roles that could be trained through an apprenticeship and help support the care delivery of the funding employer.

Support health and wellbeing of staff

Fund an exercise and fitness personal training apprentice in a local sports facility. The trust could transfer funds to an organisation for the exercise and fitness personal training apprentice and negotiate exercise classes, run at the trust for staff, free of charge, for a set number of hours per month to support the health and wellbeing of staff.



Support community wellbeing

Transfer levy monies to organisations such as local councils, Sports England, or the British Heart Foundation to provide a community activator coach or community sport and health officer apprenticeships. These apprenticeships could support the engagement of the local community with sports initiatives that help change people's attitudes about health.

This may encourage the community to understand the importance of their physical and mental wellbeing, thus potentially reducing the amount of contacts required with the NHS.

Schools engagement

Fund a local school or college to provide an employment related services apprenticeship. This apprentice role would support with careers coaching and guidance. Trusts could negotiate that the local school/college receiving the transferred apprenticeship funds include and share information on the breadth of roles available in the NHS within careers appointments, and/or the apprentice could become an ambassador for the NHS by presenting information to each year group throughout their apprenticeship.

Widening participation agenda

Trusts could work with organisations such as Mencap, JobCentre Plus, homeless charities or other local services to fund youth support worker, and support worker apprenticeships. The apprentices could support and mentor those on work placement as part of a pre-employment programme in the trust. This support could help make the programmes more inclusive and attractive and improve the numbers of those moving into an apprenticeship or a paid role in the trust.

Other care providers

The Five Year Forward View sets out priority areas in cancer, mental health, urgent and emergency care, and primary care. Employers could transfer money to organisations such as MacMillan and Marie Curie, or transfer levy funding to hospices/care homes/nursing homes. This could fund apprenticeships in clinical roles such as health care assistants, which would then support capacity and relationships between care providers.

External resources

Guidance on the transferring funds is available at [Gov.UK](#).

There is also a useful video available at [ESFA Apprenticeship levy transfers](#).



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