

The Complete School Apprenticeship Levy Guide (2026 Edition)

This guide provides a comprehensive overview of how the Growth and Skills Levy (formerly the Apprenticeship Levy) operates within the UK education sector. Whether you are a standalone Academy, a large Multi-Academy Trust (MAT), or a Local Authority-maintained school, this document details your financial obligations and opportunities.

1. What is the Levy?

The levy is a mandatory tax paid by all UK employers with an annual pay bill exceeding £3 million. For schools, the funds are collected monthly via PAYE and held in a digital account to be spent specifically on accredited apprenticeship training and assessment.

- Who pays? Most MATs and Local Authorities exceed the £3m threshold.
 - What can it be used for? It covers the cost of training and end-point assessment (EPA).
 - What can't it be used for? It cannot be used for apprentice wages, travel costs, management overheads, or the cost of setting up an apprenticeship programme.
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2. How is the Levy Calculated?

The levy is calculated at a flat rate of 0.5% of your total annual pay bill, minus a fixed £15,000 allowance.

The Calculation Formula:

$\text{Total Annual Pay Bill} \times 0.005 - £15,000 = \text{Annual Levy Liability}$

Example for a MAT with a £10m pay bill:

- $£10,000,000 \times 0.005 = £50,000$
- $£50,000 - £15,000 = £35,000$ annual levy spendable

Note: As of April 2026, the government has removed the 10% monthly top-up. You now have access only to the exact amount you pay in.

3. How to Access and Monitor Your Funds

Your funds are managed through the Apprenticeship Service (AS), a digital portal.

1. **Registration:** You must register your organisation on the [GOV.UK Apprenticeship Service](#). You will need your Government Gateway credentials and your PAYE scheme reference number.
 2. **Monitoring Spend:** The portal provides a real-time dashboard showing your current balance, upcoming payments to providers and, crucially, a "funds expiring" alert.
 3. **The 12-Month Rule:** From April 2026, funds expire 12 months after they enter your account. This is a "use it or lose it" system. Any unspent money is returned to the Treasury.
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4. What Happens if Your Levy Runs Out?

If your digital account balance hits zero mid-programme, you move to the co-investment model.

- **New Rate (25%):** The government pays 75% of the remaining training costs, and the school must pay the final 25% from its core budget.
 - **Risk:** This is a five-fold increase from the previous 5% rate. If you have several apprentices, an overspend can quickly become a significant unbudgeted expense.
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5. What if You Don't Pay the Levy?

Small schools with a pay bill under £3 million do not pay the levy but can still access high levels of funding:

- **Under-25s:** For any apprentice under 25, the government now covers 100% of training costs.
 - **Over-25s:** The government pays 95%, and the school pays a 5% contribution.
 - **Levy Transfers:** You can also ask a large MAT or local business to transfer up to 50% of their unused levy to your school to cover 100% of your costs.
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6. Key Compliance Checklist for Schools

To ensure your apprenticeship strategy remains compliant and cost-effective, follow these four pillars:

- **Monthly Forecasting:** Monitor your AS account monthly to ensure you aren't nearing the 12-month expiry or the 25% co-investment cliff.
- **20% Off-the-Job Training:** Every apprentice must spend at least 6 hours per week (or 20% of their time) on learning that is separate from their daily duties. This must be documented.
- **Minimum Wage Compliance:** Ensure all apprentices are paid at least the National Minimum Wage for Apprentices (rising to £8.00/hr in April 2026).