

Navigating the Shift: The Impact of the Growth and Skills Levy on Schools and MATs

The landscape of apprenticeships in the UK is undergoing its most significant transformation in a decade. For Schools and Multi-Academy Trusts (MATs), the government's transition from the **Apprenticeship Levy** to the new **Growth and Skills Levy** is more than a rebranding exercise; it is a fundamental pivot in how the education sector must approach workforce development and financial planning.

The following guide outlines the critical changes to funding, the "defunding" of leadership roles, and the new financial risks facing school budgets.

1. The Core Policy Changes

The new **Growth and Skills Levy** is designed to be more flexible, but it introduces stricter "use it or lose it" pressures and removes several previous financial incentives.

- **Levy Expiry Window:** Funds now expire after **12 months** (previously 24 months). This significantly shortens the planning cycle for MATs with large levy pots.
 - **Removal of the 10% Top-up:** The government has ceased the 10% monthly top-up to levy accounts. Schools now only have access to the exact amount they pay in.
 - **The "Foundation" Shift:** A new **Foundation Apprenticeship** (Level 2) has been introduced with a shorter minimum duration of **8 months** (down from 12). This is specifically designed to get entry-level staff, such as Teaching Assistants, qualified more quickly.
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2. The "Management Purge": Defunding Leadership Roles

The government is intentionally redirecting funds away from mid-to-high-level management standards to prioritise entry-level recruitment. This represents a major shift away from using the levy for staff retention and career progression.

Impacted Standards

The following popular standards are being withdrawn from levy funding or restricted:

- **Level 3 Team Leader:** Historically used for aspiring middle leaders and Lead TAs. **To be defunded by September 2026.**
- **Level 5 Operations Manager:** The primary route for School Business Managers (SBMs) and MAT central leads. **To be defunded by September 2026.**
- **Level 5 Coaching Professional:** Used for staff mentors and instructional coaches. **To be defunded by September 2026.**
- **Level 7 Senior Leader:** From January 2026, public funding is **removed for anyone aged 22 or older**. Given that school leaders rarely reach this level of seniority by 22, this effectively ends the levy-funded Master's route for the teaching workforce.

3. Financial Implications: The Co-investment Hike

One of the most significant technical changes is the overhaul of the co-investment model. This affects any school that exhausts its levy pot and requires government support to finish a training programme.

The co-investment rate is jumping from **5% to 25%** for any training that exceeds the levy balance.

Comparison of Costs (Example: £6,000 Training Course)

Funding Source	Old 5% Co-investment	New 25% Co-investment
Government Contribution	£5,700	£4,500
School/MAT Contribution	£300	£1,500

For a MAT training a cohort of five staff members after their levy is exhausted, the "overspend" liability has risen from **£1,500 to £7,500**. This makes precise monthly forecasting essential to avoid unexpected hits to the delegated budget.

4. Opportunities for Smaller Schools

While the changes present challenges for large levy-payers, smaller schools (non-levy payers) can benefit from the **Youth Guarantee**:

- The government will now **fully fund (100%)** apprenticeship training for any employee under the age of 25 in a non-levy paying school.
 - This makes hiring young Teaching Assistants or IT Technicians the most cost-effective recruitment strategy currently available.
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5. Strategic Recommendations for Schools

To navigate these changes effectively, school leaders should take the following steps:

1. **The "Last Chance" Enrolment:** Ensure any staff members ready for **Level 3 Team Leader** or **Level 5 Operations Manager** qualifications are enrolled and have started their practical period before **September 2026**.
 2. **Audit the Levy Pot:** Review your digital account to identify funds expiring within the next 12 months. Consider "front-loading" support staff training to ensure these funds are utilised rather than lost.
 3. **Pivot to Entry-Level:** Start utilising the **Foundation Apprenticeships** for new TAs and administrative staff. The 8-month duration allows for faster integration into the school workforce.
 4. **Forecast for Co-investment:** If your MAT is likely to exceed its levy balance, ensure the 25% contribution is factored into the three-year financial plan.
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Summary

The transition to the Growth and Skills Levy signals a clear policy shift: the levy is no longer a general-purpose professional development fund for school leaders. It has been repurposed as a tool for entry-level recruitment. Schools that adapt their strategy now will be able to protect their budgets and continue to grow their support staff pipelines.

A4Ed are working with our training provider partners to develop new school specific senior CPD apprenticeship programmes that will meet the needs of schools within the available standards. More to follow.

