MULTI-ACADEMY TRUST FINANCE BRIEFING

Managing your Apprenticeship Levy

How the levy works, how to track and forecast it, and what the new 12-month expiry rule means from 1 August 2026.

For MATs with a combined pay bill over £3 million



01 · WHO PAYS

The levy is assessed once, at Trust level

£3m+

Combined pay bill across every academy. The Trust is the single legal employer.

0.5%

Of the Trust's total annual pay bill subject to Class 1 secondary NICs.

£15k

Annual allowance deducted (£1,250 a month), so only pay bills over £3m pay net.

WORKED EXAMPLE £5m pay bill × 0.5% = £25,000 – £15,000 allowance = **£10,000 a year, about £833 a month**

02 · THE LEVY PROCESS

From payroll to training in four steps

1

Calculate

Payroll works out 0.5% of the Trust's pay bill, less the £1,250 monthly allowance.

2

Collect

Taken automatically through the Trust's monthly PAYE submission to HMRC. No separate payment.

3

Credit

Funds land in the Trust's Digital Apprenticeship Service (DAS) account, usually around the 23rd of the following month.

4

Spend

Pay a registered provider for approved apprenticeship training and end-point assessment.

03 · WHAT IT COVERS

What the levy can and can't pay for

✓ Can pay for

- Approved apprenticeship training
- End-point assessment fees
- New recruits and existing staff
- e.g. a Teaching Assistant on a Level 3 or 5, or a Level 6 Postgraduate Teaching Apprenticeship

[icon: X] Can't pay for

- Salaries or wages
- Travel
- Backfill or cover costs
- General school running costs

The levy only ever pays the **training provider and assessment organisation**, never the Trust or the apprentice directly.

04 · CHECK YOUR POT

Where to look in your DAS account

Finance	Available balance, funds committed to live apprentices, and funds spent.
Transactions	Month by month: levy declared, provider payments, transfers out and expired funds.
Download transactions transactions	Export the full ledger to Excel. The best base for your own forecast model.

Reconcile to payroll monthly

Match DAS "funds entered" to the levy line on your HMRC payroll reports (FPS and EPS).

USUAL CAUSES OF A GAP

- Mid-year pay awards
- A school joining or leaving
- Backdated pay corrections

email:nationalhelpdesk@apprenticeships.gov.uk.

05 · FORECAST

How many staff can your levy fund?

1. **List target roles** and the apprenticeship standard for each.
2. **Get the funding band maximum** for each standard. A4Ed provides these.
3. **Divide by duration in months** to get the monthly draw-down.
4. **Total everyone running at once** and compare with monthly levy income plus your balance.

Role (Level 3)	Band max	Duration	Monthly
Teaching Assistant	£5,000	18 months	≈ £278
Business Administrator	£5,000	15 months	≈ £333

3 Teaching Assistants + 1 Business Administrator

≈ £1,167 a month vs £833 income

Your existing DAS balance covers the gap until it runs out. Then co-investment applies (£84 per month max)

Bands are maximums: many providers charge less, which stretches the levy further.

A4Ed
APPRENTICESHIPS 4 EDUCATION

06 · WHEN THE LEVY RUNS OUT

Co-investment from 1 August 2026

75 / 25

Apprentices aged 25+

Government pays 75%, the Trust pays 25%. Up from the previous 95 / 5 split.

100%

Apprentices aged 16–24

Fully government funded once your levy runs out. No employer contribution.

Plan it: monthly co-investment ≈ (draw-down for staff aged 25+ − available levy) × 25%

DAS only calculates this once you reserve funding for a named apprentice, so model new cohorts yourself first.

07 · EXPIRY RULES

Two expiry clocks now run side by side

24 **months**

Funds that entered **before 1 August 2026** keep their original clock.

12 **months**

Funds entering **from 1 August 2026** expire after one year.

Oldest money is spent first

Every payment draws on the oldest funds (FIFO), so the older 24-month backlog is used before newer funds.

Risk window: Aug 2027 – Jul 2028

If spend falls behind, old and new tranches can expire in the same months and return to the Treasury.

THE PRACTICAL TAKEAWAY

Keep starting apprentices. Funds expire after 12 months

Funds you won't use? Transfer up to 50% of annual levy income to other employers, such as smaller local schools or trusts, rather than letting it expire.

Same rules, different employer

	Multi-academy trust	Community & VC schools (LA route)
Legal employer	The Trust	The local authority
£15k allowance	One for the whole Trust	One for the whole council
Levy declared by	Trust payroll	Council, even if payroll is delegated
DAS account	Trust's own, live balance visible	Council's; the school has no pot of its own
Starting an apprentice	Trust reserves funds directly	School applies to the LA apprenticeship team
Forecasting	Trust models its own balance	Ask the LA what share the school can use
Co-investment & expiry	Applied at Trust level	Applied council-wide; LA decides what to pass on

Local practice varies: some councils ring-fence school contributions, others pool them.

Starting an apprentice through the LA

1. **Confirm the school's category:** community or VC (LA route), or VA or foundation.
2. **Contact the LA apprenticeship team** to learn how school funds are allocated and how to apply.
3. **Agree the standard and provider,** with the funding band from A4Ed.
4. **The LA reserves the funding** in its DAS account on the school's behalf.
5. **Track usage through the LA,** and ask early: the 12-month expiry clock runs on the council's pot.

THE EXCEPTION

VA and foundation schools

The governing body is the employer. Most are under £3m, so they pay no levy and use non-levy government funding.

They can also receive a **levy transfer** from the LA or a MAT. The transfer must cover the full training and assessment cost.

11 · LEVY TRANSFER

How a levy transfer works

50%

Levy payers can transfer up to half of the previous year's levy funds to other employers.

100%

A transfer must cover the full training and assessment cost, up to the funding band maximum.

Full term

The sender funds the whole apprenticeship, and transfer payments leave its account first each month.

Route 1 · Public pledge

The sender advertises a pledge with optional criteria (sector, location, level). Any eligible employer can apply.

Route 2 · Direct connection

The sender connects to a named employer it already knows, such as a MAT supporting a local VA school.

Agree the transfer before the apprentice starts. The receiving employer still employs and pays the apprentice.

A4Ed
APPRENTICESHIPS 4 EDUCATION

12 · LEVY TRANSFER

Where and how to apply

WHERE TO APPLY

Government pledge listings

Search public pledges on GOV.UK and apply through your apprenticeship service account.

Local and combined authorities

Many councils run levy-share schemes with their own criteria and forms.

Direct from a MAT or large employer

Agree terms, then share your account ID so they can set up a transfer connection.

HOW TO APPLY (RECEIVING SCHOOL)

1. **Check you need it:** apprentices aged 16–24 may already be fully funded.
2. **Set up an apprenticeship service account** and sign the employer agreement.
3. **Choose the standard,** training provider, assessment organisation and agreed price.
4. **Apply to a pledge,** or agree a direct connection with the sender.
5. **Accept the approved funding** in your account.
6. **Add the apprentice** and select transfer funding. The sender approves before the start date.

Community and VC schools: the LA is the employer, so ask the LA apprenticeship team first.

A4Ed
APPRENTICESHIPS 4 EDUCATION

How long does it take?

Day 0

Apply

Submit to a pledge, or agree a direct connection.

0–6 weeks

Decision

Full matches can be approved instantly; senders may delay up to 6 weeks for checks.

≤ 6 weeks

Accept

Accept the funding offer in your apprenticeship service account.

≤ 3 months

Add apprentice

Add the apprentice's details and select transfer funding.

Start

Sender approves

The transfer must be in place before the apprentice starts.

Allow 2–3 months

Apply well before the planned start date. Applications the sender doesn't review expire after 3 months, and council schemes may add their own panels or deadlines.

Acceptance windows can vary by scheme: check the offer in your account.

A4Ed
APPRENTICESHIPS 4 EDUCATION

Plan your levy with A4Ed

We provide the funding band maximum for each standard and can help you model your levy, co-investment and expiry position.

e:hello@apprenticeships4education.co.uk

Reflects levy rules following the 1 August 2026 changes. Always check GOV.UK and your DAS account before finalising a Trust budget.