ACCOUNTANCY LEARNING

APPRENTICESHIPS FUNDING CHANGES FROM AUGUST 2026

A Guide for Levy Employers and SMEs

LEVY PAYERS ROADMAP

KEY CHANGES (EFFECTIVE 1ST AUGUST 2026)

- **Employer Contribution:** This will increase from 5% to 25% for all new apprenticeship starts from 1st August. NB Contributions already payable when your levy pot has been fully utilised
- **Government Uplift:** The 10% government uplift on levy contributions will be removed
- **Fund Expiry:** Levy funds will now expire if not used within 12 months (reduced from 24 months)

STRATEGIC ACTIONS FOR EMPLOYERS: THE "ACCELERATE TO SAVE" MODEL

- **Accelerate Starts:** Aim to commence new apprenticeships and progressions by 31st July 2026
- **Levy Transfers:** Explore receiving a transfer of unused funds (up to 50%) from businesses in your supply chain
- **Charge-out Rates:** Consider increasing apprentice charge-out rates by £1 per hour to offset the contribution hike
- **Review off-the-job-training (OTJT):** Whilst ensuring the minimum OTJT hours are maintained, amend the balance between formal studies and job-related new learning by 2 hours

THE FINANCIAL IMPACT (THE "PRICE OF DELAY")

- **Monthly Contribution for new enrolments:** Typical monthly contributions for Level 3/4 learners will rise from £25 to £125
- **Level 3 to 4 Progression:** Missing the 1st August deadline this year for achieving a Level 3 completion and progression to Level 4 could increase costs by up to £3,360 per apprentice

SME ROADMAP

KEY CHANGES (EFFECTIVE 1ST AUGUST 2026)

- **Employer Contribution:** The 0% employer contribution currently available for those aged 21 and under will be extended to include all apprentices under age 25
- **Effective Date:** Applies to all apprentices commencing on or after 1st August 2026

STRATEGIC ACTION FOR EMPLOYERS: THE "DELAY TO SAVE" MODEL

- **For apprentices who will be aged 22–24 on 1st August:** For potential apprentices in this age bracket, consider delaying their start until after 1st August to save approximately £600 in contributions
- **However:**
  - Don't let the funding "tail" wag the training "dog"! Will you benefit more from getting them cracking on their studies now
  - If employed and not an apprentice, you will not be eligible for the Employers NIC exemption for apprentices aged under 25

RELEVANT FACTORS

BOTH SMES AND LEVY PAYERS

- **NIC Exemption:** Employers are eligible for Employers' NI Contribution exemption for Apprentices aged under 25. Not using Apprentices could therefore cost more in Employer's NICs than the Levy payers new 25% contribution rate
- **Birthday Watchlist:** Monitor apprentices turning 19 (loss of £1,000 incentive) and 22 (affects Level 7 funding eligibility)
- **Flexing Apprenticeship durations:** Adapt the planned programme duration to enable progression to Level 7 whilst still aged 21 or under by taking advantage of the new 8-month minimum duration rule
- **Next Steps:** Contact your Accountancy Learning personal tutor to review your specific situation. We want you to optimise your funding, but without disrupting your recruitment plans or the smooth running of your apprentices' training programmes. The tail mustn't wag the dog!