

10% Levy Transfer

Procurement and Contracting Guidance

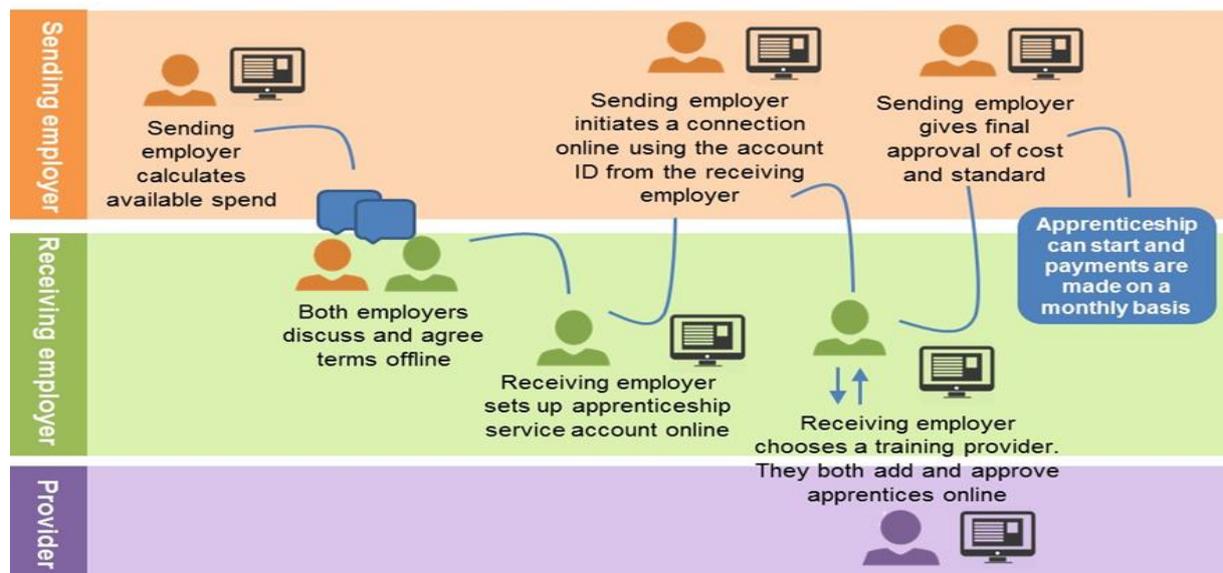
10% Levy Transfer Background

Since earlier this year, levy-paying employers can transfer up to a maximum of 10% of the value of their annual levy fund to any other employer, or apprenticeship training agency. Transferred funds are used to pay for the training and assessment cost of apprenticeships.

Provided they do not exceed the 10% cap, employers can make transfers to as many other employers or apprenticeship training agencies as they choose.

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 ESFA.

Transfer User Journey



If I am sending a transfer to another employer, do I need to go through a procurement process?

Transferring the levy is not a procurement exercise, however the NHS should ensure that as a public sector organisation transferred levy is auditable and transparent, a light touch process could be applied using the 3 principles of procurement:

- Fairness
- Transparency
- Proportionality

Value for money should also be considered, this is responsible behaviour and would help in the event of a challenge or later request for the rationale behind a transfer decision.

What if multiple organisations ask for a transfer?

If you have asked for expressions of interest or bids to access your 10% transfer, you should ensure that you have an auditable process in place to evidence why you selected one employer above another.

This does not have to be a full procurement process, for example it could be evidence that the receiving employer is contributing to your organisation's strategies and that public sector resources are used to maximise local benefits.

If I receive a transfer do I need to go through a procurement process?

As sending employers can transfer their levy to any employer, including those outside the public sector, it is not expected that the receiving employer must comply with public contracting guidance when receiving a 10% levy transfer.

However, if the receiving employer is a public sector body and would normally have to follow public sector procurement rules for buying apprenticeship provision, it should continue to do so when selecting and procuring the training provider who will deliver their apprenticeship training for learners who are funded via a 10% transfer.

Should I have a service level agreement (SLA)?

It is best practice to have an SLA between the receiving and sending employers. This should outline each parties responsibilities and expectations, it should also meet [ESFA funding rules](#).

ESFA funding rules to be aware of when considering a 10% transfer

- The transfer amount should cover 100% of the eligible training and assessment costs, up to the funding band maximum, of the apprenticeship standard. This does not include English and maths training up to and including level 2, which is funded separately.

- You are committed to funding the apprenticeship until completion.
- A transfer of funds will not take place if the receiving employer is eligible for full government funding, because they have fewer than 50 employees and the apprentice is: 16-18 years old, or an eligible 19-24 year old.
- You must not impose conditions on the transfer, such as choosing the receiving employer's training provider or end-point assessment organisation for them.
- The funds that you transfer will retain their initial date of expiry; the date of transfer will not affect this.
- Receiving organisation should be aware that Levy transfers are counted as state aid.
- Employers will not be able to use transferred funds to pay for training and assessment for apprenticeship frameworks, or apprentices that started before 1 May 2018.
- If you are a main provider who is also a levy-paying employer, you cannot deliver training to apprentices you are funding through a transfer.

Full funding guidance can be found in the [ESFA Funding rules 2018-19](#)

Useful Hints and Links

[ESFA 10% Transfer Guidance](#)

[HASO - Transferring Apprenticeship Funds Guidance](#)

[NHS Employers - Apprenticeship levy 10 per cent transfer briefing](#)