

Employer Co-investment Policy – 2025/26

Policy Details			
Policy Owner	Director of Apprenticeships and Business Solutions		
CE Sponsor	Deputy Principal		
Date created this year	07/07/2025		
Version:	Approved by:	Date fully approved:	To be reviewed:
2	College Executive	July 2025	July 2026
2	Finance & Resources Committee	15 th July 2025	July 2026

Version Control (Changes in this version)	
Version Number	Changes from previous 12 months policy
1	1. The age in which an employer is required to co-invest the 5% contribution has increased from 19 years old to 22 years old.
1	2. Section 5 Transferring of levy funds has now been included to reflect the 2024-25 levy funds, including Colchester Institute being the apprenticeship provider accessing the transferred levy funds.
1	3. Less than 50 employees rule only now refers to apprentices with an ECHP or in the care of the local authority.
2	1. Updated Co-Investment Age Threshold: Employers are now required to co-invest the 5% contribution for apprentices aged 22 and over (increased from 19 in previous years). a. Clarification of the <50 Employee Rule: Employers with fewer than 50 employees are now only exempt from co-investment for apprentices aged 22 to 24 who: Have an Education, Health and Care Plan (EHCP), or b. Have been in the care of the local authority.
	2. Transferring Levy Funds: <ul style="list-style-type: none"> Employers can continue to transfer up to 50% of their unused levy funds annually to other employers. The policy now explicitly confirms that Colchester Institute may deliver training using transferred levy funds (including to connected companies).
	3. Employer Use of Digital Accounts: <ul style="list-style-type: none"> Digital Apprenticeship Service (DAS) accounts remain mandatory for reserving funds for non-levy employers. The policy clarifies the setup requirements and permissions expected from employers.
	4. EPA Charges Clarified: <ul style="list-style-type: none"> Where End Point Assessment (EPA) costs exceed 20% of the funding band, the employer is liable for the additional costs. Resit fees for EPA are also the employer's responsibility if these fall outside the original training plan price.
	5. Employer Declaration Form Updates: <ul style="list-style-type: none"> Employers must complete a new declaration for each apprentice, detailing costs and confirming understanding of additional fees.
	6. Incentive Payment Clarified:

	<ul style="list-style-type: none"> £1000 incentive remains for employers taking on apprentices aged 16–18 or 19–24 with an EHCP or care background, with payments split over months 3 and 12.
	<p>7. Invoice and Debt Recovery Terms Emphasised:</p> <ul style="list-style-type: none"> Clearer expectations set around payment timelines, non-payment consequences, and debt recovery processes.
	<p>8. Adult Skills Course Eligibility:</p> <ul style="list-style-type: none"> Apprentices aged 19+ may be eligible for separate adult-funded programmes if the training is substantively different from the apprenticeship.
	<p>9. Degree Holders Eligibility Reaffirmed:</p> <ul style="list-style-type: none"> Apprentices with existing degrees are still eligible for funded apprenticeships if the programme delivers substantive new skills.

Equality Impact Assessment Tool

		Yes/No	Comments
1	Does the policy/guidance affect one group less or more favourably than another on the basis of:		
	Race or ethnicity	No	
	Disability	No	
	Gender	No	
	Religion or belief	No	
	Sexual orientation	No	
	Age	No	
	Marriage and Civil Partnership	No	
	Maternity and Pregnancy	No	
	Gender Reassignment	No	
2	Is there any evidence that some groups are affected differently?	No	
3	If you have identified potential discrimination, are any exceptions valid, legal and/or justifiable?	N/A	
4	Is the impact of the policy/guidance likely to be negative?	No	
5	If so, can the impact be avoided?	N/A	
6	What alternatives are there to achieving the policy/guidance without the impact?	N/A	
7	Can we reduce the impact by taking different action?	N/A	

Introduction

The following guidelines set out the requirements for co-investment payments by employers for apprenticeship training.

- All businesses operating within the UK with a wage bill of over £3 million are required to contribute to the apprenticeship levy and will be known as Levy paying employers.
- If the levy applies to an organisation, it is required to pay 0.5% of its entire wage bill into the levy. This will be offset against a levy allowance worth £15,000 for each tax year.
- Organisations can only use levy payments for Government backed apprenticeship standards approved for delivery and published on the Skills England website.
- Levy payments will expire after 24 months.
- Where there are insufficient funds in the Levy account, employers will be liable for a co-investment payment of 5%.

For employers not in the Levy category above, current funding guidelines require Training Providers to charge non-Levy paying employers 5% of the agreed total price* to support an apprentice aged 22 years and over with training and assessment, unless the apprentice is eligible for 100% funding (see Appendix 1)

*Prices are dependent on the maximum funding values set by Government for a Standard (see Colchester Institute Website for latest information)

Government introduced the use of Digital Accounts for non-levy employers from April 2021 and these are used to reserve funds for payment. Details are below.

1. Apprenticeship Employers Terms of Contract (Levy and Non-Levy)

- 1.1 Employers must comply with the terms of any agreement between the employer and the Department for Education (DfE).
- 1.2 Contributions are limited to a maximum of 5% contribution of the Governments maximum funding band*. The fee for the apprenticeship is calculated based on the anticipated delivery costs, considering any prior learning.

*Contribution amounts per apprenticeship are displayed on the Colchester Institute website.
- 1.3 Employers are required to complete the Apprenticeship Employer Declaration form for each apprentice.
- 1.4 Learners, where a fee has been agreed, will not be accepted onto a programme until the Apprenticeship Employer Declaration Form has been completed and signed by the employer.
- 1.5 Employers will be asked to contribute to End Point Assessment (EPA) costs where the Assessment Organisation fee for the EPA is above 20% of the funding rate that has been agreed with the employer for the Standard.

The employer declaration form will confirm these additional fees and any revisions to this form by the Funding & Information team, will be communicated and agreed with the employer.

- 1.6 Employers must provide payment for resits for EPA required by the Approved Apprenticeship Standard if this exceeds the agreed training price.
- 1.7 Where indicated in the contract that Colchester Institute will be providing on-line administration in relation to the employer's digital account, the employer must either send a cohort request from their digital account or set up Colchester Institute with training provider permissions within their digital account for funding to be passed on by DfE for each apprentice.
- 1.8 Employers should be aware that if any payment is not paid as agreed, Colchester Institute will pursue all unpaid debts and may inform debt collection agencies to recover the monies owed. Additional costs may be incurred.
- 1.9 Where payment is not received, the apprenticeship may be suspended or withdrawn.
- 1.10 Colchester Institute shall notify the employer of any requirement to return incentive payments to the DfE due to withdrawal of the apprentice, and the employer shall pay such amount to the Colchester institute within thirty (30) days of such notice.
- 1.11 Colchester Institute will not allow payments of invoices to be deferred for an employer who has a pending employer £1000 incentive payment.

2. Payment (Non-Levy):

- 2.1 Employers must apply for their digital account to reserve funding through a cohort request. Employers will be sent the link to this service through Colchester Institute before commencement of the apprenticeship.
- 2.2 Employer contributions become payable either when the learners' commencement date for their Apprenticeship falls on, or after, their 22nd birthday or where the employer has less than 50 employees and the apprentice is aged 22 to 24 years old and has an Education Health Care Plan or have been in the care of the local authority.
- 2.3 Payment is expected before commencement of the apprenticeship. This can be paid via the online store via the attached link.
- 2.4 Payment by instalment can only be requested for contributions over £1000 and can be agreed by contacting the Finance department of Colchester Institute details can be found on the employer declaration form.
- 2.5 A percentage of the co-investment payment is still liable if an apprentice leaves the employer, except within the first 6 weeks of them enrolling onto the apprenticeship.

3. Payment (Levy):

- 3.1 Where apprenticeship training is not funded from the employer's digital account (levy payers with insufficient funds) Colchester Institute shall send invoices in respect of the unfunded charges to the employer. The employer shall pay such invoices within thirty (30) days of receipt.

4. Refunds / Reductions to agreed fee:

- 4.1 An additional reduction to the fee may be negotiated by Colchester Institute where an employer agrees to accommodate more than one apprentice, thereby reducing delivery costs. All fees must be agreed prior to subsequent apprentices commencing employment and are based on delivery costs.
- 4.2 Employer contribution fees cannot be transferred between learners.
- 4.3 Where an apprentice leaves employment and the 5% employer contribution has been collected in full or partially, Colchester Institute will refund any unspent funding. This will vary depending on both the Apprenticeship Standard and the length of time the apprentice has been in learning before leaving.
- 4.4 If a learner withdraws and the employer co-investment that is due has not been paid, then no future starts will be processed for this employer until all outstanding fees are paid.

5. Transferring of Levy Funds:

- 5.1 Large employers that pay the apprenticeship levy can choose to transfer up to 50% of their levy funds each year to other businesses, to pay for their apprenticeship training and assessment.
- 5.2 It is the choice of the business who they transfer their levy funds to. Any business can receive a transfer of levy funds, including businesses that pay the apprenticeship levy and those that do not.
- 5.3 Transferred funds can only be used to pay for apprenticeship training and assessment up to the funding band maximum.
- 5.4 Colchester Institute can deliver training to apprentices that are funded through a transfer of our own levy funds (including any connected companies).

Additional Information:

- All Employers will receive an incentive of £1000, paid over intervals of 3 months and 12 months for taking on a 16–18-year-old apprentice or a 19-24year old apprentice who has been in care or has an Education Health Care Plan.

- Apprentices aged 19 years and over may be eligible for Adult Funded courses where these are substantially different to the learning being developed as part of the apprenticeship. Apprentices will need to meet adult funding eligibility.
- Apprentices who have degrees are eligible for Apprenticeship funding if it allows the apprentice to acquire substantive new skills.

Appendix 1: Funding for Apprenticeships

