

Fact Sheet 3: Funding & Financial Support for SMEs

Purpose: To help SMEs understand what financial support is available when taking on a young employee or apprentice, and how it can reduce risk and upfront costs.

Apprenticeship Levy and Funding

- **Levy-paying employers** (annual pay bill > £3m) contribute 0.5% of their pay bill to fund apprenticeships.
- **Non-levy-paying SMEs** can access government co-funding (usually 95% of training costs covered by the government).
- **Apprenticeship grant funding** may be available for SMEs in England hiring 16–18-year-old apprentices or 19–24-year-olds with an Education, Health & Care Plan.

Context:

- SMEs paying the levy can transfer funds to other businesses.
- Apprenticeships are designed to reduce financial barriers for SMEs while ensuring training quality.

Resources/Links:

- GOV.UK Apprenticeship funding: www.gov.uk/government/publications/apprenticeship-funding
- Find your local apprenticeship provider: www.apprenticeships.gov.uk

Wage Subsidy & Incentive Schemes

- **Kickstart Scheme (if reopened) / sector-specific pilots:** May offer wage subsidies for young people at risk of long-term unemployment.
- **Local council grants:** London boroughs sometimes offer small grants or support packages to SMEs hiring young talent.

Context:

- These subsidies reduce financial risk and encourage SMEs to take on candidates who may need additional support.
- Often require SMEs to commit to structured mentoring and progression plans.

Resources/Links:

- [London Boroughs – Employer support](#)



Training & Development Funds

- Funding can cover:
 - Technical skills courses
 - Health and safety certification
 - Industry-specific qualifications
- Helps SMEs **develop talent while keeping costs low**.

Context:

- Training costs often prohibit small businesses from hiring; accessing subsidies or funding reduces upfront investment and improves retention.
- Using structured training also ensures apprenticeships meet government quality standards.

Resources/Links:

- National Careers Service:
www.nationalcareers.service.gov.uk
- Sector Skills Councils:
www.gov.uk/government/organisations/education-and-skills-funding-agency

Tax Relief & Other Incentives

- Employers may qualify for **corporation tax relief** or **National Insurance reductions** in certain circumstances.
- Example: Some sectors have targeted youth employment tax credits.

Context:

- Map potential costs vs government contributions before hiring.
- Contact your local **apprenticeship training provider** early to clarify funding eligibility.
- Use **funding calculators** where available to compare net costs for standard employees vs apprentices.

Links:

- GOV.UK Apprentice funding calculator:
www.gov.uk/government/publications/apprenticeship-funding

