The Apprenticeship Levy Factsheet

1. The apprenticeship levy will come into effect in April 2017. It will be payable by employers in the UK at 0.5% of paybill.

2. All employers will receive an allowance of £15,000 to offset against payment of the levy. This effectively means that the levy will only be payable on paybill in excess of £3 million per year.

3. The levy will be payable through Pay As You Earn (PAYE) and will be payable alongside income tax and National Insurance.

4. Each employer will receive one allowance to offset against their levy payment. There will be a connected persons rule, similar the Employment Allowance connected persons rule, so employers who operate multiple payrolls will only be able to claim one allowance.

5. The levy will apply to employers across all sectors.

6. Paybill will be calculated based on total employee earnings; it will not include other payments such as benefits in kind. It will apply to total employee earnings in respect of all employees.

7. Legislation to permit the imposition and collection of the apprenticeship levy will be introduced in the Finance Bill 2016.

Examples:

i. Employer of 250 employees, each with a gross salary of £20,000: Paybill: 250 x £20,000 = £5,000,000 Levy sum: 0.5% x £5,000,000 = £25,000 Allowance: £25,000 - £15,000 = £10,000 annual levy payment

ii. Employer of 100 employees, each with a gross salary of £20,000 would pay: Paybill: 100 x £20,000 = £2,000,000 Levy sum: 0.5% x £2,000,000 = £10,000 Allowance: £10,000 - £15,000 = £0 annual levy payment
**Apprenticeship Levy FAQs**

- **How can I spend/utilise the levy fund?**

  It must be spent on the external apprenticeship training provided to that individual on an approved apprenticeship standard. See the full list here [https://s3-eu-west-1.amazonaws.com/bppassets/public/assets/pdf/handbooks/Apprenticeships-Standards.pdf](https://s3-eu-west-1.amazonaws.com/bppassets/public/assets/pdf/handbooks/Apprenticeships-Standards.pdf). It cannot be spent on anything else such as internal training or apprentice salaries.

- **Can I use the fund for CPD training e.g. for an accountant wanting to update his/her tax?**

  No – it can only be used for Government published apprenticeship standards and the training included within that.

- **What if my apprenticeship training costs exceeds the levy payments I have made?**

  The Government have outlined they will allow employers to draw down more funds from un-claimed levy that other employers have paid.

- **How much does apprenticeship training cost?**

  It varies and is dependent on the level and standard.

- **Can I use multiple training providers or only one?**

  Yes – you can use different training providers. Our advice would be find one training provider that can manage your apprenticeship programmes including multiple suppliers.

- **Can my supply chain benefit and claim from the levy my organisation pays?**

  The Government are looking at a way for an employer’s levy ‘pot’ to be ring fenced and accessed by their supply chain. We await more details.

- **Can an organisation become their own training provider and draw down the training funds?**

  Yes – of course. You will be subject to Ofsted inspections and the administration that goes along with being a training provider, but it is an option and there are plenty of examples of companies who have done this that you can learn from. To look into this further consult the Department of Business Innovation and Skills (BIS) and the National Apprenticeships Service.

- **How long do employers have to claim back their levy funds on apprenticeships training?**

  Our understanding is that the levy vouchers will be valid for two years. If you do not claim it back, other employers can access these funds to cover the training costs for more apprentices within their organisation.

- **How will the Government clarify the funding rules?**

  There will be a full document issued by the Government, we expect that in spring 2016.

- **Can I currently claim Government funding for apprenticeships training?**

  Yes - funding is currently available for apprenticeships and trailblazer apprenticeships. You will need to work with an approved apprenticeship training provider to access this funding prior to the levy starting.