

# APPRENTICESHIPS



## The Levy lowdown

Everything you need to know about the Apprenticeship Levy in one handy fact sheet!

The broad aim of the government is to raise £3bn a year to meet a target of three million new 'high quality' apprenticeships by the summer of 2020.

### Overview:

The Apprenticeship Levy will bring a fundamental change to the way Apprenticeships in England are funded.



Employers with a UK paybill of over £3m from both the private and public sectors will be required to pay 0.5% of that into a levy.

The levy payment will then be ring-fenced in the form of an electronic voucher that can be used to purchase apprenticeship training.

The Apprenticeship Levy is expected to raise £3bn annually to supplement Government apprenticeship funding.

### What is the purpose of the levy?



- Encourage investment in apprenticeship schemes
- Improve the quality and quantity of apprenticeships

### 5 facts on the levy



In spring 2017 the way the government funds apprenticeships in England is changing. Some employers will be required to contribute to a new apprenticeship levy, and there will be changes to the funding for apprenticeship training for all employers.

The Levy comes into effect in April 2017, at a rate of 0.5% of an employer's bill

The first payment needs to be paid to HMRC in May 2017

Less than 2% of UK employers will pay the levy.

Employers will pay regardless of whether they train apprentices or not – so there is an incentive to train!

## How much could it cost employers?

The levy will be based on gross salary so there is not a set uniform annual fee. For example an employer of 250 staff with a payroll of £5 million would pay £25,000 a year.

## What does it really mean for employers?



- Employers with an annual payroll over £3million will have to pay in.
- The levy amount is 0.5% of a company's payroll
- 2.32% of public sector workforce must be apprentices
- There is no stipulation regarding age, qualifications or location of apprentices

## What do employers gain from this?



It's not necessarily another tax where employers pay their money and are left wondering just how it's being spent.

The government will pay in 10% on top of employer payments.

All employers will be financially supported by this scheme for apprenticeship training. Even smaller businesses that don't pay in.

All employers will receive a £15,000 allowance to offset the payment of the levy, paid in vouchers. Employers have complete control over how the allowance is spent, and it is possible to claim back more than they initially pay in, as long as it goes towards apprenticeship training.

With their e-voucher, employers will be able to buy apprenticeship training from approved providers, allowing them to invest in existing apprentices, expand their apprenticeship programme, or even upskill members of their current workforce.

## How will employers be able to spend the £15k allowance?



The government will create an online portal known as the Digital Apprenticeship Service, which all organisations will have access to, regardless of whether they have contributed to the levy. Employers can use the portal to 'shop' for apprenticeships, find accredited training providers and pay for training with their digital e-vouchers.

## How will Apprentice's benefit?



Apprentice's won't see any changes to how they apply for jobs but the overall aim is to create three million new apprentice's by 2020 – so for budding apprentice's this presents a fantastic opportunity.

[Click here](#) to read an employers guide to the Levy from the government

Follow @apprenticewmj for more support and guidance on apprenticeships or check out our dedicated apprentice website

[www.apprenticehub.org](http://www.apprenticehub.org)