

Believe to Achieve

Employers that pay the Apprenticeship Levy

What is the Apprenticeship levy?

The Apprenticeship levy is part of the government's plan to increase the quantity and quality of Apprenticeships. The levy is a new tax which aims to fund three million new Apprenticeships in England.

When did the levy come into effect?

The levy came into effect in May 2017 .

Will all organisations need to pay the levy?

All UK employers who have a total employee pay bill above £3m a year will pay the levy. This includes public and private sector, charities and educational providers such as academy groups and universities. Your 'pay bill' is your total employee earnings subject to Class 1 secondary NICs.

Employers get a £15,000 fixed annual allowance to offset against the levy payment. Employers who operate multiple payrolls will only be able to claim one allowance for the levy.

How will the government collect the levy?

Payments will be collected monthly by the HM Revenue and Customs (HMRC) through Pay as You Earn (PAYE), alongside tax and National Insurance.

What happens to the money once its paid?

The money will be collected by HMRC and can be accessed via a new Digital Apprenticeship Service (DAS) account. You will only be able to use this to pay for Apprentice Training.

How will I draw down from the levy fund?

You'll need to register your details online, along with the details of your Apprentice. You'll be able to see how much can be drawn down for each Apprentice and can then use this to spend on training with registered training organisations like VTS.

What can the levy be spent on?

You can spend your levy funds on Apprentice training for either existing staff or new recruits as long as the training meets the approved standards and the individual meets the apprentice eligibility criteria.

What types of programmes can be funded by the Apprenticeship levy?

A range of Apprenticeship training programmes can be funded, both standards and frameworks. Read the governments full list of Apprenticeship standards at: www.instituteforapprenticeships.org/apprenticeship-standards.

How do I use funds from my digital account to buy training?

When an Apprenticeship has started, monthly payments will be automatically taken from your digital account and sent to the training provider. This spreads the cost over the lifetime of the Apprenticeship. You will see funds entering your digital account each month as you pay the levy, and funds leaving the account regularly each month as you pay for training.

How do I get out more than I put in to the levy?

Employers in England who pay the levy will get a 10% top up to their digital accounts. This means every £1 will be increased to £1.10.

Funds will expire 24 months after they enter your digital account unless you spend them on Apprenticeship training. Money is spent when it leaves your digital account as a payment to a Training Provider like VTS.

What do I do if I use all my levy pot?

If you have used your pot you can still sign up staff to apprenticeships, you will just have to pay a 10% contribution to the cost of the training and the government will pay the remaining 90%