

Information for employers that pay the Apprenticeship Levy



Maximise returns from your Apprenticeship Levy fund

If you are an employer with an annual wage bill of more than £3m then you pay an Apprenticeship Levy of 0.5% on payroll collected through PAYE.

The system is complicated, but Skills Training UK's added value levy consultancy will help you to understand and make best use of the funds available in your Digital Apprenticeship Service (DAS) online account.

The money can be spent on upskilling your existing workforce or bringing new talent into your organisation and there are a range of financial incentives to make training affordable.

Skills Training UK is a leading national independent training provider with a proven track record of offering large-scale employer-led Apprenticeships to levy-paying businesses and organisations.

Our trainers have unrivalled knowledge and industry experience and will work in partnership with you to co-design and deliver a bespoke programme to upskill your existing employees in line with what you want to achieve.

Currently we work with more than 750 employer clients across England, in sectors including advanced manufacturing, materials testing, aerospace, pharmaceuticals, logistics, automotive, rail, business services, the NHS and education.

We can develop and run an entire programme, providing a turn-key solution which can include sourcing and managing other training providers.

If you would like to know more about how we can help your business or organisation take advantage of the opportunities available, please get in touch.

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<< Apprenticeship Levy Consultancy Service

Be sure to use your funds before it's too late

As a levy paying employer you need to be aware that funds will expire 24 months after they enter your Digital Apprenticeship Service (DAS) online account.

It's therefore important for you to act soon if you are to achieve maximum return on investment.

Skills Training UK's added value consultancy service will help you to understand and manage your DAS account so that you can take full advantage of your available funds.

Working in partnership, we will:

- Help you to understand how to make best use of your fund
- Use our unrivalled knowledge and expertise to create a bespoke plan that aligns with your business goals
- Co-manage your DAS account to simplify administration
- Keep you informed and up to date with any new developments or changes

More affordable than you think

The cost of Apprenticeships is spread across the entire lifetime of the training – with payments taken monthly from your DAS account and the final 20% not paid until the very end.

This means that you don't have to meet the full cost of the Apprenticeship at the beginning. You just need enough funds in your account to cover the monthly payments. As a result, Apprenticeships are much more affordable than you might think.

Skills Training UK can help you to manage this process – making clear the full costs involved, the financial incentives available and how much you have to spend every month.

As a levy payer the Government will also top up your DAS account by 10% each month.

In addition, if your chosen Apprenticeships cost more than the funds available in your DAS account then you only pay 10% of that additional cost – the Government will pay the remaining 90%. This is known as 'co-investment'.

There is also a £1,000 incentive for recruiting a 16-18 year-old Apprentice or a 19-24 year-old Apprentice with additional learning needs or an Education, Health and Care (EHC) plan.



Apprenticeship Levy: what you need to know

How much is the Apprenticeship Levy?

The Apprenticeship Levy is set at 0.5% of your total payroll and is collected monthly via PAYE. There is a £15,000 fixed annual allowance that employers can offset against their levy payments.

The levy allowance operates on a monthly basis and accumulates over the year. This means you have an allowance of £1,250 a month. Any unused allowance is carried over from one month to the next.

EXAMPLE: Calculating what you have to pay

An employer with an annual wage bill of £5m

Levy sum: 0.5% of £5,000,000 = £25,000

Offset allowance of £15,000 (£25,000-£15,000) = £10,000

Annual levy payment = £10,000 (£833.33 per month)

What counts as your payroll?

Your payroll is based on the total amount of earnings subject to Class 1 secondary NICs. Earnings include any remuneration coming from employment, such as wages, bonuses, commissions and pension contributions that you pay NICs on but not benefits in kind.

How is the Apprenticeship Levy collected?

Levy funds are collected every month by HMRC and held in your Digital Apprenticeship Service (DAS) online account. If you haven't done so already, you can register with the Education and Skills Funding Agency (ESFA) at www.gov.uk/guidance/manage-apprenticeship-funds

How much will an Apprenticeship cost and can I afford them?

Each Apprenticeship has been placed into one of 15 funding bands ranging from £1,500 to £27,000. These bands determine the maximum amount that can be spent on each Apprenticeship.

The upper limit of the funding band also caps the maximum price that the Government will 'co-invest' if you have insufficient funds to pay for the Apprenticeships you want to use.

The cost of training is spread across the entire lifetime of the Apprenticeship – with payments taken monthly and the final 20% held back until the very end.

This means that you don't have to meet the full cost of the Apprenticeship at the start of the training, so they are much more affordable than you might think.

In addition, employers that pay the levy receive a 10% top-up from the Government. It means that for every £1 you contribute, you actually receive £1.10.

What happens if an employer's levy funds don't cover the full cost of training?

If an employer pays the Apprenticeship Levy but their funds don't cover the full cost of the Apprenticeship training they would like to buy, then additional support is available.

The Government will pay 90% of the additional costs (up to the maximum of the relevant funding band) - with you as the employer 'co-investing' 10%.

EXAMPLE: Employer with a levy pot of £35,000 takes on five apprentices

Agreed cost = £9,000 each

Total Apprenticeship spend = £45,000

Shortfall = £10,000

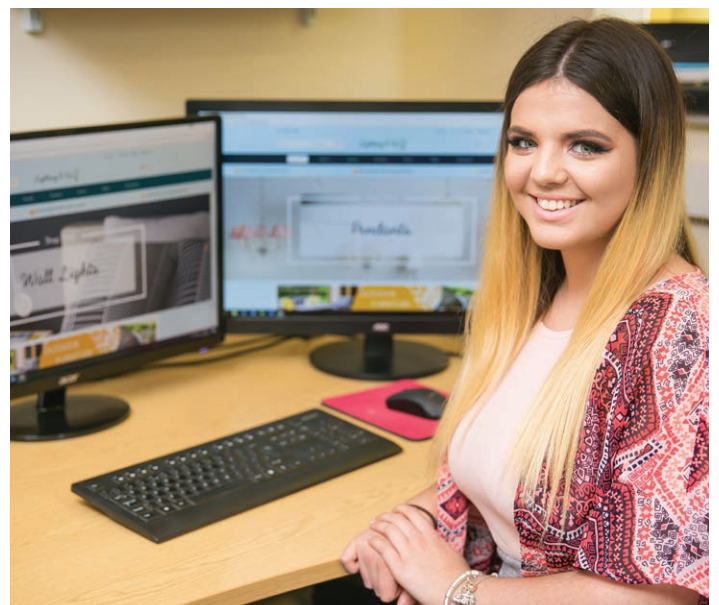
Government pays 90% = £9,000

Employer pays 10% = £1,000

Total spend by employer = £36,000 (£35,000 + £1,000)

Total contribution from Government = £9,000

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<< Do levy funds run out?

Yes. Levy funds will expire 24 months after they enter your digital account. Funds that entered your account in July 2017 for example will expire in July 2019. *If you don't use them, you will lose them.* The account works on a first-in, first-out basis, so whenever a payment is taken from your digital account it automatically uses the funds that entered your account first.

What are the additional financial incentives for employing a 16-18 year old?

Employers are given an extra £1,000 for taking on an Apprentice aged 16-18. The money is paid in two stages – at three and 12 months.

An extra £1,000 is also available for Apprentices aged 19-24 with additional learning needs or with an Education, Health and Care (EHC) plan.



What happens if employers take on an Apprentice who needs help with English and maths?

If you employ an Apprentice who needs extra help with English and maths, additional payments are made to your training provider. This does not come out of your Apprenticeship Levy funds.

What can Apprenticeship Levy funds pay for?

Levy funds can pay for Apprenticeship training and assessment. This must be with an approved training provider (such as Skills Training UK) and a registered end-point assessment organisation.

They cannot pay for Apprentices' wages, travel or subsidiary costs, managerial costs, work placements, traineeships or the costs of setting up an Apprenticeship programme.

How long do Apprenticeships last?

All Apprenticeships should have a minimum duration of 12 months, but many may take longer depending on the level and technical content of the training in question.

What age do Apprentices have to be – can levy funds be used for existing employees?

Apprenticeships can be offered to new or current staff of all ages and at any level. Older staff, even those with degrees, can follow an Apprenticeship if they are taking on new roles or require new knowledge and skills.

Can employers use the levy to fund Apprenticeships in their supply chain?

Yes. From April 2018, you can transfer 10% of your funds to another employer's digital account.