

## Apprenticeship Levy

**Does your organisation have a wage bill of more than £3m?**

**If the answer is yes, the Apprenticeship Levy will affect you.**

### What is the Apprenticeship Levy?

An amount of money that employers will pay towards the funding of Apprenticeships to help the government meet their target of 3 million Apprentices by 2020. It's also intended to encourage increased commitment to Apprenticeships by employers.

### When is it being introduced?

The Levy will be introduced on 6<sup>th</sup> April 2017.

### Who will have to pay it?

Every organisation with a wage bill of more than £3,000,000 will pay the Levy. It applies to all industries in the UK, including public and voluntary sector organisations such as charities.

### How much will we have to pay?

The Levy has been set at a rate of 0.5% of your annual wage bill, based on total employee earnings subject to Class 1 secondary National Insurance Contributions. An online calculator is available to help you estimate your Levy contribution:  
<https://estimate-my-apprenticeship-funding.sfa.bis.gov.uk>.

### Why £3,000,000?

The Levy applies to all employers. However, there is a £15,000 'allowance' - or threshold for payment - which means that only organisations with a wage bill of over £3,000,000 will actually pay any Levy. These examples explain...

#### **Employer 1: Annual wage bill = £3,000,000**

Levy sum:  $0.5\% \times £3,000,000 = £15,000$

Since this equals the £15,000 'allowance', this employer won't pay any Levy

#### **Employer 2: Annual wage bill = £4,000,000**

Levy sum:  $0.5\% \times £4,000,000 = £20,000$

£20,000 minus £15,000 allowance = £5,000 Levy to pay for this employer

### How will the Levy be collected?

The Levy will be paid to HM Revenue and Customs (HMRC), through the Pay as You Earn (PAYE) process alongside tax and NICs.

### How do I access the money I've paid into the Levy?

Through a new Digital Apprenticeship Service (DAS) account, which you will be able to use to pay for Apprentice training and assessment in England. You'll be able to register to create your account from January 2017 and your first contribution (April) will be available in your digital account from 22 May 2017.

### Government 'top-ups'

The government will top-up your funds by 10%. That means for every £1 that enters your digital account to spend on Apprenticeship training, you'll get £1.10.

### What can I spend my Levy money on?

It can **only** be used towards the costs of Apprenticeship training and end point assessment. This must be with an approved training provider and assessment organisation. It can't be used on other costs associated with your Apprentices or other types of training, for example wages, travel costs, or the cost of setting up an Apprenticeship programme.

### I won't be paying the Levy, so how will I access funding for Apprenticeships?

The government will 'co-invest' in Apprenticeship training with employers that don't pay the Levy i.e. you will be asked to make a contribution to the cost of the training and they will pay the rest, up to a maximum amount of funding available for that Apprenticeship.

**If you would like to talk to someone about employing Apprentices or have questions about the Levy, please contact Oxfordshire Apprenticeships who provide a free support service to employers in Oxfordshire.**

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