



USE IT OR LOSE IT

TIME IS RUNNING OUT



Apprenticeship Levy Toolkit



What is the apprenticeship levy?

The apprenticeship levy was introduced by the Government in 2017 to make funding available to increase the level of apprenticeship training within UK businesses. The levy followed recent reforms around apprenticeship qualifications, and the move from previously used frameworks to vocationally focused Standards. Apprenticeship Standards are currently being rolled out by the Institute for Apprenticeships (IFA) and have been developed in partnership with groups of employers known as trailblazers to ensure that today's apprenticeship qualifications are fit for employers and the typical roles they offer.

Who has to pay the levy?

The levy applies to private and public organisations in the UK with an annual payroll of £3 million or more per annum. An employer's levy bill is calculated on total earnings subject to Class 1 National Insurance.

Is the apprenticeship levy compulsory?

Yes. If your wage bill is £3 million or more per annum you are bound by HMRC to pay it.

How much do I need to pay?

The levy is set at 0.5% of your total payroll and is collected monthly via PAYE. The Government allows for a £15,000 annual allowance which is offset against your bill.

The Government apply a 10% top up to monthly funds in addition.

A quick example calculation:

Annual payroll bill = £5,000,000

**Levy sum: $0.5\% \times £5,000,000$
= £25,000**

**Levy allowance: £25,000 - £15,000
= £10,000**

Annual levy bill = £10,000

**Available levy spend $£10,000 + 10\%$
= £11,000**

What can I spend my levy on?

Your Levy can only be used towards the cost of approved apprenticeship training and end-point assessment. The funds are designed to cover training costs and cannot be used on wages, recruitment or other costs of hiring an apprentice. The cost does cover teaching and learning through an approved provider and the cost of the end-point assessment.

Can I use my levy to upskill existing employees?

Yes! Your levy is available to spend on any approved apprenticeship Standard or Framework. The training needs to provide the employee with substantial new skills and the content should be different from any previous training they may have already had.

Spending your funds and managing costs

Each apprenticeship programme (there are Standards and Frameworks available) have been allocated into a funding band ranging from £1,500 to £27,000.

Levy funds when collected are held in a Digital Apprenticeship Account (TAS). You are able to direct these funds to approved training providers to cover the cost of your apprenticeship training.

If your funds do not cover your proposed training, you are able to access additional funding from the Government. You will contribute 10% and the Government 90%.

Managing and accessing your account

When paying the levy, you receive a fixed annual allowance from the Government of £15,000. This calculates to a monthly allowance of £1,250 which carries onto the next month if unspent. A group of companies will only have access to one annual allowance.

Levy funds will expire 24 months after they enter your account. If you don't use them, you lose them and will not be able to access them again. Each employer has its own Digital Apprenticeship Account (TAS) and can transfer funds appropriately to training providers to cover the cost of their apprenticeship programmes.

Eligibility

If you choose to take on an apprentice, they need to meet basic eligibility criteria:

- Your apprentice must be 16 or over;
- Must not have already achieved a similar qualification at the same level or above;
- Eligible to work in the UK;
- Not in full-time education

Should any apprentice require additional training in Maths and English, this can be funded via your training provider but cannot be taken out of your levy pot.

Devolved nations

Scotland, Wales and Northern Ireland have their own funding arrangements for apprenticeships. The level of funding available will depend on the proportion of employees residing in England.

For example, if your Levy contribution is £100,000 and 50% of your staff work in England, then the amount of your Levy you will be able to use is £50,000, and this amount can only be used to support those staff in England. The remaining 50% will go to whichever devolved nation(s) your remaining staff work in.

DID YOU KNOW?



An employer incentive of **£1,000** is available for any apprentice aged 16-18.



5% of your workforce should be apprentices to ensure you maximise your levy.



Apprenticeships are not just for school leavers, they are for anyone aged **16 and over**, including Senior Managers and Directors!



Employers who want to train more apprentices than their levy allows will need to contribute just **10%** towards the cost. It has just been announced in the budget for 2019, this will be halved to just 5% from April 2019.



A new body called the Institute of Apprenticeships oversee the new apprenticeship Standards and provide **guidance on levy funding.**

Our levy tips

Use apprenticeship programmes that fit to your business processes

We are working with many employers to model training programmes using apprenticeships around their business, helping them to address specific role needs, and designing programmes which will get them the right skills in-house. Apprenticeships are not just for new young people coming into the business but can be used for existing employees and be completely flexible to a business cycle.

Growing skills and fill skills gaps

With the impact of Brexit on the horizon, there is no doubt there will be skills gaps in the UK across several key sectors. The levy is enabling employers to identify future skills areas and design programmes accordingly by role or by geography. Our quality assessment processes ensure those skills are fit for purpose and will bring long term productivity and return on investment.

Retain good people

Training and development and just a simple investment in your people goes a long way! Motivated employees are happier, and above all more productive to your business. We are helping our clients to engage with those employees, not just before they enrol onto a programme, but throughout to ensure they are supported and achieve.



info@remit.co.uk
www.remit.co.uk
0115 975 9550



Choose the right training provider

Choosing the right provider and programmes is essential for your business. We pride ourselves on our high-quality work with many large UK employers, tailoring new apprenticeship Standards to their own individual business requirements, ensuring their programmes have the desired impact and return on investment they're looking for.

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If you pay the Apprenticeship Levy, it's important to know that the funds expire 24 months after they enter your online account. If you haven't got a plan already, it's important to begin to put one into place to receive maximum return on investment. Talk to our Levy advisors today.

