



Apprenticeship Levy & Funding

Guide for Employers

2017 - 2018



APPRENTICESHIPS

GET **N-GAGED** WITH YOUR FUTURE



Key Facts

- From 5 April 2017, employers in the UK with a wage bill of more than £3m p.a. will be charged a levy of 0.5% of their full UK payroll. The object of the levy is to give employers more control over where, and how, money is spent on apprenticeships.
- The levy is based on Class 1 secondary National Insurance Contributions (NICs) for their employees.
- Businesses will pay the levy to HMRC through the PAYE process.
- Any business paying into the levy will be given an allowance of £15,000 per tax year to offset against levy payment made.
- All businesses with a wage bill of over £3m p.a. will be required to pay the levy, regardless of whether they make use of the funding available for apprenticeships.
- Businesses will have 24 months in which to use their levy, after which point the funds will expire.
- Grant available of £1000 if the apprentice is aged 16-18. This is paid in 2 equal instalments.

What employers will pay

Eg. 1: An Employer who would pay the levy

An employer with an annual payroll of £5,000,000:

- Levy Sum:** $0.5\% \times 5,000,000 = £25,000$
- Subtracting Levy Allowance:** $£25,000 - £15,000 = £10,000$
annual levy payment

Eg. 2: An Employer who would not pay the levy

An employer with an annual payroll of £2,000,000:

- Levy Sum:** $0.5\% \times 2,000,000 = £10,000$
- Subtracting Levy Allowance:** $£10,000 - £15,000 = £0$
annual levy payment

Funds will be available to an employer to use for apprenticeship training through a new Digital Apprenticeship Service account (DAS). This funding can be used to pay for training and assessment for apprentices in England. DAS can also be used to advertise vacancies for apprenticeships. Funds will be expire 24 months after they enter a digital account unless they are spent on apprenticeship training.

How do employers access the funds in their digital account to pay for the training?

Once the price of the training has been negotiated and the apprenticeship has started, monthly payments will be automatically taken from an employer's digital account and sent to N-Gaged Training. This spreads the cost over the lifetime of the apprenticeship. As payments are taken from the account, employers just need to have enough funds in their account to cover the monthly cost of each apprenticeship training

scheme they have chosen. Employers will see funds entering their digital account each month as they pay the levy, and funds leaving the account regularly each month they pay for training. If all of the funds are used up in the digital account, and the employer would like to take on more apprentices, then a 10% fee of the total training costs will be applied & the government will co-invest the remainder of the contribution.

Employers that don't pay the levy

Employers that don't pay the levy will be expected to negotiate and agree a price with N-Gaged Training. This price will cover the delivery of the apprenticeship training towards a specific standard and also the cost of the End of Point Assessment. The costs are below & are dependent on the size of the organisation.

Do you employ under 50 people & have a payroll under £3million?

There is no training fee for apprentices aged 16-18 & a grant available of £1000 paid in 2 equal instalments.

If the apprentice is over 19, a fee of 10% of the training costs is payable & the government co-invest the remaining 90%. There is no grant available.

Do you employ over 50 people & have a payroll under £3million?

There is a fee of 10% of the training costs payable & the government co-invest the remaining 90%. This is regardless of the age of the apprentice.

For apprentices aged 16-18, there is a grant available of £1000 paid in 2 equal instalments.





Contact Us

Please contact our friendly apprenticeship team at N-Gaged Training who will be able to give you more detailed guidance and information.

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 www.n-gaged.co.uk

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