



PERMANENT

CONTRACT

ENTRY  
LEVEL

WORK  
PLACEMENT

APPRENTICE

## THE APPRENTICESHIP LEVY FAQ

In the 2015 Conservative Manifesto, the government committed to “support 3 million new Apprenticeships, so young people acquire the skills they need to succeed”. This bold commitment to the Apprenticeship programme would mean a major step up in the number of employers taking on Apprenticeships so a major change was needed to make 3 million new Apprenticeships a reality.

This major change is the Apprenticeship Levy, and it is coming into force in 2017.

### SO WHAT EXACTLY IS THE LEVY?

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The Levy is a kind of tax on large employers designed to encourage the uptake of Apprenticeships as a way to train and secure future talent. All large employers will be charged the Apprenticeship Levy, but those who embrace the Apprenticeship programme will be able to claim back this spend for the training of their Apprentices.

Unlike many other taxes, all the proceeds from the Levy will be spent solely on Apprenticeships. The money that large companies pay and don't claim back for their own Apprenticeships, will fund the Apprenticeships for smaller companies who don't have the financial resources to invest in training.

### WILL I HAVE TO PAY IT?

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If your company's payroll bill is £3m or more then you will be liable to pay the Apprenticeships Levy. Companies with payroll under £3m will not have to pay the Levy, but under new funding arrangements they will need to contribute towards the cost of Apprenticeships training. The money raised by the Apprenticeships Levy will be used to financially support smaller businesses with this cost.

## HOW MUCH IS THE LEVY?

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For companies with a wage bill in excess of £3m, the Apprenticeships Levy will be 0.5% of the wage bill. The charge will be collected directly via PAYE from April 2017. Those companies wanting to use the Levy to fund Apprenticeships will then be able to 'claim back' Apprenticeship training costs through a newly formed Digital Apprenticeships Agency.

An estimated £1.8 billion was spent on Apprenticeships in the UK last year. Through the Apprenticeships Levy it is anticipated that this will increase to around £3 billion.

## CAN I USE MY CONTRIBUTION TO FUND APPRENTICESHIPS?

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Yes. The aim of the Apprenticeship Levy is to make it advantageous for all companies to invest in Apprentices and a high quality Apprenticeship programme. If you don't claim back the Levy money to help fund Apprenticeships for your company, then it will be allocated to other companies to help fund their Apprenticeship provision.

Every penny from the Apprenticeship Levy will be used to fund Apprenticeship training and assessments. Large employers who have already paid the Levy will be able to claim back training costs to get their Apprenticeship training provided - but only if using approved Apprenticeship training providers such as Just IT.

## CAN THE LEVY FUND MY OWN INTERNAL APPRENTICESHIP TRAINING PROGRAMME?

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It will be possible for large employers who want to deliver their own Apprenticeship training internally to do so. However, they will need to become an approved provider to ensure that training levels meet the latest Apprenticeship standards. It is expected that the government will be publishing more details on how to become an approved provider later in the year.

## WHAT APPRENTICESHIPS WILL BE FUNDED BY THE LEVY?

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The Apprenticeship Levy will be used to fund any type of Apprenticeship training programme from an approved provider such as Just IT. This includes degree level Apprenticeships. Under the new standards, there will also be no age restriction on Apprenticeship funding. However the government has created additional incentives for employers to take on 16-18 year olds.

## WHAT WILL CHANGE IF I AM A SMALLER COMPANY?

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Smaller companies (under a wage bill of £3million) will not have to directly pay the Apprenticeship Levy as they will receive a Levy allocation of £15,000 for the tax year. However, there are still changes to the Apprenticeship funding system for all businesses which will come into place in 2017. Under the new 'Trailblazer' Standard of Apprenticeships, all employers will need to contribute towards the cost of Apprenticeship training.

The Apprenticeship Levy paid by larger companies is expected to build up a stock of funding which will be used to help smaller businesses with these new costs. Further details regarding this will be released as we get closer to the 2017 changes.

Smaller companies who are considering taking an Apprentice are recommended to act now before the changes to funding as this guarantees that all training costs for 16-18 year olds will be covered by the government.

## WHAT HAPPENS IF YOU SPEND ALL OF YOUR LEVY CONTRIBUTION COST ON APPRENTICESHIPS?

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Business who spend more on Apprenticeships than their Levy contribution will be able to request additional funds from the Digital Apprenticeship Service - the department set up to manage Apprenticeship funding. It is anticipated that the Apprenticeship Levy will produce adequate funds to support those companies making large investments in the Apprenticeships programme.

## HOW CAN WE HELP YOU?

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As a major supplier of IT and Digital Marketing Apprenticeships within London, we work closely with government agencies to keep ahead of the latest Apprenticeship legislation. As a Tech Partnership Gold Provider we have been integral to the creation of the new Trailblazer standards.

This puts us in the perfect position to advise businesses on how best to implement and manage their Apprenticeship programme.

For businesses who are new to Apprenticeships we can take care of everything from the recruitment of suitable candidates, to funding arrangements and provision of all necessary training. To date, we have placed over a thousand young people into London businesses with 90% of candidates going on to full time employment.

For businesses with an existing Apprenticeship programme we can advise you on how to keep ahead of the changing standards and legislation. Many of the new Trailblazer standards are already available, and we can help you build a training programme which will deliver the skills your business needs.

GET AHEAD OF THE CHANGES.  
GET IN TOUCH.

CALL: 020 7426 9835

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