



The Apprenticeship Levy

Levy paying Employers

The introduction of the Apprenticeship Levy on 6 April 2017 changed the way the government funds apprenticeships in England.

Employers operating in the UK with an annual pay bill of more than £3 million per year will spend 0.5% of their total pay bill on the apprenticeship levy, minus the 'levy allowance' of £15,000 per year.

Example: An employer with an annual pay bill of £5,000,000 will spend £10,000 on the levy:

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

subtracting levy allowance: $£25,000 - £15,000 = £10,000$ annual levy payment

- Once you have declared the levy to HMRC, you will be able to access funding for apprenticeships through a new digital apprenticeship service account.
- Employers will benefit from a 10% top up to monthly funds. That means for every £1 that enters your digital account to spend in England on apprenticeship training, you get £1.10.
- Once you decide to buy apprenticeship training, the funds will be taken from your digital account each month to pay the training provider.
- You can only spend funds in your digital account on training from a government-approved training provider.
- Funds will expire 24 months after they enter your digital account unless you spend them on apprenticeship training.
- If you don't have enough funds in your account to pay for training in a particular month, you will pay 10% of the outstanding balance for that month, and the government will pay their remaining 90%. This is called 'co-investment'.
- When employers recruit a 16 to 18-year-old apprentice, they will receive £1,000 to help meet the extra costs associated with this. This will be paid in two equal instalments at 3 and 12 months.

**For further information, contact Maxim Business Training: 01625 410 022
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