

Apprenticeship Levy

In a bid to increase apprenticeships in line with its party manifesto, the Government has announced a new Apprenticeship Levy, which will be payable by all businesses with an annual payroll bill in excess of £3m.



The Apprenticeship Levy will bring England into line with other modern economies, where the co-funding of apprenticeships by the interested parties - employer and Government - is already the standard model.

The Apprenticeship Levy will bring England into line with other modern economies, where the co-funding of apprenticeships by the interested parties - employer and Government - is already the standard model.

The Apprenticeship Levy will directly fund Apprenticeship training programmes, with the aim of increasing the number of people in apprenticeships to 3 million by 2020. It will mean employers can take control and benefit from a further £3bn that will be added to the Apprenticeship pot over the course of the next five years.

With the new levy coming into effect in April 2017, here is what you and your organisation need to know:

- Your wage bill needs to be in excess of £3m to trigger payment
- The Levy rate is 0.5%. Payment is based on your employee earnings (gross) and will be calculated from the same figure used for Class 1 NICs (bonus payments included)
- For the under 25 age group you will no longer have to pay NICs.

Calculating what you have to pay

The apprenticeship levy requires all employers operating in the UK, with a pay bill over £3 million each year, to make an investment by training apprentices.

You will pay the levy on your entire pay bill at a rate of 0.5%. However, you will have a levy allowance to offset against this. The levy allowance is worth £15,000 for each tax year. This means the levy is only payable on pay bills over £3 million (because $0.5\% \times £3\text{million} = £15,000$).

Levy Payment Example	Levy Paying Employer	Non-Levy Paying Employer
Number of employees	250	100
Average gross salary per employee	£20,000	£20,000
Pay bill (number of employees' x average gross salary per employee)	250 x £20,000 = £5,000,000	100 x £20,000 = £2,000,000
Levy sum (0.5% x pay bill)	£25,000	£0
Less levy allowance of £15,000	-£15,000	NA
Levy payment by employer	£10,000	£0

Maximising your returns from the Apprenticeship Levy scheme

The opportunity to reclaim your levy costs is one not to be missed and so long as you are offering recognised apprenticeship training you can take advantage of the offer. It comes with the promise that you could get more out than you put in. An e-voucher system will ensure that the funding process is not open to abuse, so you can be sure that the money you pay as a result of the levy, will benefit organisations committed to apprenticeships.

Apprenticeships at Derby College

We will be supporting employers to maximise their return on investment of the levy. With our dedicated Apprenticeship Recruitment team, Derby College can provide you and your organisation with

the expertise and support to guide you effortlessly through the new system, we offer;

- Advice and guidance on the levy
- Training needs analysis
- Workforce planning and support
- Recruitment service for new apprentices
- Upskill and reskilling of existing staff

Business benefits of apprentices:

- Invest in your future managers
- Increase business growth
- Attract new talent
- Boost the local economy



For more information, please contact us:

Email: apprenticeshipteam@derby-college.ac.uk

Phone: **01332 387424**

