

Apprenticeship Levy Frequently asked questions

The new Apprenticeship Levy was announced on 25th November 2015 and will come into effect from April 2017. Following the headline news and key facts, there is still a large number of details the Government need to clarify, which we expect in the Finance Bill in spring.

- Does the levy apply to bonus payments? Yes – the levy payment is 0.5% of your total PAYE.
- Is the 0.5% gross or net? Gross.
- Is the levy per registered company or per PAYE reference? PAYE reference.
- If you are an agency and have long term temp. workers on contracts for services, are they included in the PAYE bill? We are awaiting for the Finance Bill in spring to confirm this – however we believe, as they fall within your final PAYE bill that yes, they will be included.
- Can employers opt out of paying the levy? No. This is a mandatory tax that will come into effect from April 2017.
- How does it impact on group companies? We await the Finance Bill to confirm the details on this.
- How/when will the payments be taken? Still to be clarified, however we believe it's likely to be similar to Childcare vouchers, there will be a monthly deduction from April 2017. More info to follow when we have it.
- If an organisations' payroll bill is exactly £3m or less, do they still pay 0.5% levy? No. However all companies with a payroll bill of £3m or less will receive an allowance of £15k per year Government funding to spend on apprenticeship training. Levy payments – made by companies with a UK payroll bill over £3m per annum
- How can I spend/utilise the levy fund? It must be spent on the external apprenticeship training provided to that individual on an approved apprenticeship standard. It cannot be spent on anything else such as internal training or apprentice salaries.
- Can I use the fund for CPD training e.g. for an accountant wanting to update his/her tax? No – it can only be used for Government published apprenticeship standards and the training included within that.
- What if my apprenticeship training costs exceeds the levy payments I have made? The Government have outlined they will allow employers to draw down more funds from un-claimed levy that other employers have paid.
- How much does apprenticeship training cost? It varies and is dependent on the level and standard.
- Can I use multiple training providers or only one? Yes – you can use different training providers. Our advice would be find one training provider that can manage your apprenticeship programmes including multiple suppliers.
- Can my supply chain benefit and claim from the levy my organisation pays? The Government are looking at a way for an employer's levy 'pot' to be ring fenced and accessed by their supply chain. We await more details.
- Where does this fit with The Engineering Construction Industry Training Board (ECITB) funding? This is not clear as yet, however Department of Business Innovation and Skills (BIS) have stated they

will work with the ECITB to make sure the levy does not impact on their Engineering/Construction training levy.

- Can an organisation become their own training provider and draw down the training funds? Yes – of course. You will be subject to Ofsted inspections and the administration that goes along with being a training provider, but it is an option and there are plenty of examples of companies who have done this that you can learn from. To look into this further consult the Department of Business Innovation and Skills (BIS) and the National Apprenticeships Service.
- How long do employers have to claim back their levy funds on apprenticeships training? Our understanding is that the levy vouchers will be valid for two years. If you do not claim it back, other employers can access these funds to cover the training costs for more apprentices within their organisation.
- How will the Government clarify the funding rules? There will be a full document issued by the Government, we expect that in spring 2016.
- Can I currently claim Government funding for apprenticeships training? Yes - funding is currently available for apprenticeships and trailblazer apprenticeships. You will need to work with an approved apprenticeship training provider to access this funding prior to the levy starting