



Apprenticeship Levy Information for Large Employers and SMEs



St Helens College



Apprenticeships

The Apprenticeship Levy

From April 2017 the Government is introducing a levy for Apprenticeships. Alongside PAYE contributions, employers with wage bills of more than £3m will now have to pay 0.5% of their wage bill into an electronic account, regardless of whether or not they employ apprentices. The Government will use this to fund the cost of Apprenticeship training and assessment.

For employers with a wage bill of less than £3m other changes are being brought in, including a requirement that, in some cases, employers contribute towards the cost of training and assessment.

How are SME's affected?

- Smaller employers will have to make a cash contribution towards the cost of training and assessing an apprentice. The Government will pay 90% of the cost with the employer paying 10%.
- However, if the employer has less than 50 staff and they recruit a 16-18 year old apprentice, the Government will pay 100% of the cost of the training and assessment.
- The Government are simplifying Apprenticeship funding by placing every existing Apprenticeship, into one of 15 funding bands, ranging from £1,500 to £27,000.
- This means that employer contributions could be as little as £150 or up to a maximum of £2,700, depending on the type and level of Apprenticeship training.
- All employers, regardless of size, will receive a support payment of £1,000 for employing a 16-18 year old apprentice, even where the Government has funded 100% of training and assessment costs.
- The training provider that an employer works with will also receive an incentive payment of £1000 from the Government for delivering Apprenticeship training for a 16-18 year old.
- An additional £1,000 support payment will be available to an employer and their training provider if they employ a 19-24 year old apprentice who was formerly in the care of the local authority or who has an Education Health Plan.

How are large employers with wage bills of over £3m affected?

- The employers will pay levy contributions to HMRC on a monthly basis alongside PAYE payments.
- Levy contributions will then be placed into an account on the Digital Apprenticeship Service.
- The employer can access the funds in this account to purchase Apprenticeship training and assessment for their staff.
- If the employer chooses not to purchase Apprenticeship training, their levy contribution will expire 24 months after they are deposited.
- Levy contributions can only be used to pay for the training and assessment of apprentices that work in England.
- The Government will automatically top-up any levy contributions by 10% so that employers get more out than they put in.
- From April 2017 the Digital Apprenticeship Service will provide employers with information on:
 - Apprenticeships that are available
 - Sourcing approved training providers/colleges
 - Advertising their Apprenticeships vacancies
 - Paying for Apprenticeship training using levy funds
- The Government are simplifying Apprenticeship funding by placing every Apprenticeship into one of 15 funding bands, ranging from £1,500 to £27,000.
- All employers will receive an additional support payment of £1000 for employing an apprentice who is aged between 16 and 18. The training provider that an employer works with will also receive an incentive payment of £1,000 for delivering Apprenticeship training for 16-18 year old.
- Support payments of £1,000 will also be available to employers who take on a 19-24 year old who was formerly in the care of the local authority or who has an Education Health Plan.

Further Information.

If you would like to take on an apprentice, or if you need further clarification on what the levy means for you and your organisation, contact St Helens College's Business Development Unit on 01744 623424 or email businessunit@sthelens.ac.uk.



St Helens College



Apprenticeships