

Employer Levy Guide

From April 2017 the national apprenticeship programme will be expanded by the introduction of the apprenticeship levy. The aim of the levy is to fund 3 million new apprenticeships by 2020, encouraging businesses to employ apprentices or retrain their existing staff. Please follow the links below to work out how these changes will affect your business.

Do you have a PAYE bill in excess of £3 Million

 Yes No

No

Organisations will be exempt from the first £15k of the Levy, which translates to the levy only being charged for payrolls in excess of £3 million per year, irrespective of if the organisation employs Apprentices. Therefore, the levy will apply to 2% of UK employers.

Do you have more than 50 members of staff?

Yes

No



Yes

You are liable for apprentice costs from your levy pot.

Your levy pot will be 0.5% of your annual payroll.

Organisations will be exempt from the first £15k of the Levy, which translates to the levy only being charged for payrolls in excess of £3 million per year, irrespective of if the organisation employs Apprentices. Therefore, the levy will apply to 2% of UK employers.

Do you have any available funding in your levy pot?

Yes

?

No



Yes

You pay 10% of the cost of training an apprentice regardless of age.

For example: Electrical or Motor Vehicle apprentices will cost £18,000.

(Apprenticeships vary in length and value and contributions will vary accordingly)

You will pay £40 per month which will be collected quarterly over 36 months, plus 20% (£360) for the final assessment.

10% of £18,000 = £1,800

£1,800 – 20% for the final assessment = £1,440

£1,440 over 36 months = £40



No

Is your apprentice between
16-18 Years old?

(or a 19 to 24 care leaver or with a EHC
support plan to support their learning)

Yes

No



Yes

Congratulations, you're a winner!

Your Apprentices training could be free (*ESFA conditions apply) and you may be eligible for £1000 bonus if conditions are met, paid in two instalments (following a qualifying period)



No

You pay 10% of the cost of training your apprentice.

For example Electrical or Motor Vehicle apprentices will cost £18,000.

You will pay £40 per month which will be collected quarterly over 36 months, plus 20% (£360) for the final assessment.

10% of £18,000 = £1,800

£1,800 – 20% for the final assessment = £1,440

£1,440 over 36 months = £40



No

You are liable for 10% for all the overspill from your levy pot.

For example Electrical or Motor Vehicle apprentices will cost £18,000.

You will pay £40 per month which will be collected quarterly over 36 months, plus 20% (£360) for the final assessment.

$$\begin{aligned}10\% \text{ of } £18,000 &= £1,800 \\£1,800 - 20\% \text{ for the final assessment} &= £1,440 \\£1,440 \text{ over } 36 \text{ months} &= £40\end{aligned}$$



Yes

Using the funding from your levy pot you will be able to fund your apprentice's training.

You will pay 80% of your apprentice's training in monthly installments over the duration of their course.

The final 20% of the funding will be paid at the end of the course for the learner's final assessment.

For example:

A Motor Vehicle Apprentice will cost £18,000 to train over 36 months.

You will have to pay £400 per month over 36 months, plus a £3600 final assessment fee at the end of the apprenticeship.

$£18,000 - 20\% \text{ for the final assessment} = £14,400$

$£14,400 \text{ over } 36 \text{ months} = £400$

