

## The Apprenticeship Levy – Information Sheet

### Apprenticeship Levy

From 6 April 2017, a new apprenticeship levy will be imposed on employers, the purpose of which is to fund an increase in the number and quality of apprenticeships. Regardless of whether or not you have (or intend to have) apprentices, the levy will apply to all UK employers, in both the private and public sectors, if your total payroll bill exceeds £2.8 million in the previous tax year or is expected to reach £3 million in the current tax year.

The levy will be charged at a rate of 0.5% of an employer's payroll bill. Employers will have a fixed annual levy allowance of £15,000 to offset against their levy payment.

### Apprenticeship Levy Overview

- Start date is 1 May 2017
- If your wage bill exceeds £2.8 in the previous year or is expected to reach £3 million in the current tax year you will pay 0.5% of your annual payroll.
- The first payment is due on 19 May, or 22 May if you pay electronically.
- Government has allocated a £15k allowance, which can be used to offset the apprenticeship levy liability.
  - A Paper company has an annual payroll of approximately £22m, this equates to £110k (apprenticeship levy) - £15k (levy allowance) = £95k levy to be paid
- Levy is paid monthly and is then ring-fenced as an electronic voucher in a digital account. Unused vouchers expire after 24 months.
- Levy can be claimed back and spent on apprenticeship training for all employees at all levels and ages, including graduates.
- Additional funding of £2,000 per trainee (split between employer and training provider) for apprentices aged 16-18.
- Greater flexibility for employers to use levy funds **to retrain existing workers in new skills** – even if they have prior qualifications.
- An individual can be funded to take an apprenticeship at the same or lower level that they already hold, if this helps them acquire **substantive new skills** and the training content is materially different from any prior training or a previous apprenticeship.
- During 2018 there may be an opportunity to transfer up to 10% of levy funds to another employer with a digital account (possibly a customer or a supplier)
- Government objective is to achieve 3m new apprenticeships by 2020
- The new Papermaking Apprenticeship is an example of a UK Trailblazer Apprenticeship. These will eventually replace all existing schemes. They are designed to:

- Give employers control in designing apprenticeships
- Increase the flexibility of delivery
- Simplify the funding system
- Increase the effectiveness of training

With the introduction of this levy, and with a new papermaking apprenticeship programme available, now is an ideal opportunity to find out more information about the programme and how you can use your allowance to further benefit your business.