

Apprenticeships Levy Q&A

No	Question	Answer										
1	Why are you introducing the apprenticeship levy?	The levy is being introduced to fund a step change in apprenticeship numbers <u>and</u> quality – delivering on the commitment that there will be 3 million apprenticeship starts by 2020. The levy will put apprenticeship funding on a sustainable footing and improve the technical and professional skills of the workforce (an important component of productivity).										
2	What is the apprenticeships levy?	0.5% of employers pay bill collected monthly via PAYE. All employers will have an allowance of £15,000, which means that the levy is applicable on pay bill over the first £3,000,000.										
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3	When will the levy come into effect?	In April 2017										
4	Why has the rate been set at 0.5% of an employer's pay bill?	The rate was set to deliver the increase in quality that business have been asking for while ensuring it does not place an unreasonable burden on employers. This, alongside the increase in quantity that we need, is the right amount to put the funding of high-quality apprenticeship training on a sustainable footing. Unlike normal taxation, employers can get all of the funds that are levied simply by investing in a sufficient amount of apprenticeship training.										
5	What counts as an employers pay bill?	We will provide further detail in early 2016.										
6	What happens to the money once it is paid under the levy?	The money will be collected by HMRC. Individual employers' funding will then be made available to them via a new digital account, through which employers will be able to pay for training for apprentices. In England, employers will be able to direct funding towards the apprenticeship training they want through a new Digital Apprenticeship Service (DAS). The Service will also support employers to identify and pay a provider, choose an apprenticeship training course, find a candidate and choose a training provider.										
7	What are the arrangements for employers who are not in scope of the Levy?	Employers with a pay bill of less than £3m will not have to pay the levy. This is more than 98% of all employers. These employers will continue to have access to government funding to support apprenticeships. We will provide further details on the support available in 2016. All employers will have access to the Digital Apprenticeship Service whether they have paid the levy or not and will be able to use it to manage the Government funding available to them to pay for apprenticeship training.										
8	What choice will employers have about what they spend their money on?	Employers will be free to spend their money on apprenticeships training which they judge best meets their needs. For example they could spend that on in-house apprenticeships training (if the employer is a registered training provider) which meets the required quality standards for an apprenticeship, or apprenticeships training offered by another registered provider of their choice. We want to give employers in England flexibility on how they use levy funds without introducing additional and										

		unintended complexity into the system.
9	Can employers spend their funding on training in their supply chain?	We know that some employers want to direct their funding to other employers, for instance their suppliers. We are working through how to facilitate this in a way that is not bureaucratic and compatible with State aid rules.
10	How will a “good” employer get out more than they put in?	The levy will put apprenticeship funding in the hands of employers and will encourage employers to invest in their apprentices and take on more. Employers in England who pay the levy and are committed to apprenticeships training will be able to get out more than they pay in to the levy, (partly) through a top-up of additional funding to their digital accounts.
11	What do you mean by top ups and how will they work?	Employers in England who pay the levy and are committed to apprenticeship training will be able to get out more than they pay in to the levy through a top up to their digital accounts. The value and mechanism for these top ups is still being considered and we will continue to engage with employers on this before the implementation of the levy in 2017.
12	If levy money is unspent at year end, does an employer lose it?	No, levy funds that are unspent at year end will not expire. However, if an employer does not spend all of their levy on training then the unspent portion will be made available to other employers who are investing in apprenticeship training. The amount of time that an employer will have before levy funds are “sunsetting” has not been decided.
13	Will employers only be able to spend their levy money on apprentices?	Yes. Specifically, employers will be able to use their funding (up to a cap which will depend upon the standard or framework that is being trained against) to cover the costs of an apprentice’s training, including English and maths, assessment and certification. Currently these costs are eligible for government funding under the trailblazer standards. It will not be possible to use levy funds to cover the salary costs of an apprentice. As now the employer will need to cover the costs of apprentices wages themselves.
14	What are the funding caps on how much can be spent on individual apprentices?	Employers will not be able to spend an unlimited amount of money on a single apprentice. Funding caps will be set which limit the amount of levy funds an employer can spend on training for an individual apprentice. The cap will vary according to the level and type of apprenticeship (for example, more expensive, higher quality training is likely to have a higher cap). The Institute for Apprenticeships will support the work of BIS and DfE in setting funding caps on the level of government funding available for each apprenticeship standard. Further detail on funding caps will be announced early in 2017 in advance of the introduction of the levy.
15	Will levy paying employers have to put in their own money as well as the levy to pay for training?	There are two circumstances where employers are likely to have to contribute additional funds i) where the cost of the training they wish to buy is greater than the funding cap for a particular standard or framework and ii) where an employer has spent all of their levy contribution and all of their top-up and wishes to spend more on additional apprenticeship training.
16	What do non levy paying employers or those who don’t have enough funding	Employers that have not paid the levy will be able to access funding for apprenticeship training through the Digital Apprenticeship Service. It is likely that they will also need to cover part of the cost of apprenticeship training with their own funds.

	in their digital accounts do if they want to spend more on apprenticeship training?	Similarly, employers who have paid the levy and spent all of the funds in their levy account will still be able to access more funding to do more apprenticeship training through the Digital Apprenticeship Service, but it is likely that they will also need to cover part of the cost this extra training directly.
17	How will existing levies in the construction and engineering sectors interact with this levy?	The apprenticeship levy will be economy wide and larger employers in the construction and engineering construction industries will be in scope of the levy. We are working with the relevant Industry Training Boards who will consult with their members ahead of the introduction of the apprenticeship levy on how their existing arrangements will be affected and whether any changes are required. We are also working with other sectors where there are existing collective training arrangements (i.e. the tonnage tax in the maritime sector), about what the apprenticeship levy means to them.
18	What happens to the levy for those employers who operate across the UK?	The levy will apply to employers across the UK. As skills policy is a devolved area the Devolved Administrations will continue to have complete flexibility over how to support businesses through training and apprenticeships. We are committed to doing all we can to make the system work for employers wherever they are in the UK and we are working closely with the Devolved Administrations to achieve that.
19	Are there likely to be any exemptions from the levy?	All employers with a pay bill over £3,000,000 will be expected to contribute to the apprenticeships levy. There will be no exemptions. Public sector employers with a pay bill over £3,000,000 will be in scope of the apprenticeships levy. The public sector needs to play its part in apprenticeship expansion. To ensure that it does, the government will set apprenticeship targets for public sector bodies. The public sector will be able to draw down levy funding like any other employer and we fully expect them to do so.
20	What happens to those companies with their own training schemes?	Apprenticeships offer transferrable, valuable skills which are beneficial to both the apprentice and the employer. Employers who are also providers of apprenticeships training will be able to register as a training provider and receive levy funding through the Digital Apprenticeships Service.
21	What if an apprenticeship doesn't exist in a sector? What happens in this situation?	Employers are encouraged to work together to design the standards and assessment plans for new apprenticeships they feel are needed. We welcome your interest in developing an apprenticeship standard for an occupation in your sector or for one that covers a number of sectors.
22	How do I employ an apprentice?	Employing an apprentice is very simple. The National Apprenticeship Service can provide all the information you need to know in order to employ an apprentice. There is a wealth of useful material on their website at https://www.gov.uk/take-on-an-apprentice or you can call them on 08000 150 600.
23	What is the Institute for Apprenticeships?	We will establish a new independent body, led by employers – the Institute for Apprenticeships – to regulate the quality of apprenticeships within the context of reaching three million starts in 2020. The Institute for Apprenticeships will put in place transparent mechanisms for the approval of apprenticeship standards and assessment plans, and maintain clear quality criteria so that only standards that are valued by employers will be approved and funded. It is our intention that the Institute for Apprenticeships will be fully operational by April 2017 and that it will gradually start to assume functions in 2016. More detail can be found at: https://www.gov.uk/government/publications/apprenticeships-in-england-vision-for-2020
24	How can I get in	Please send queries to ApprenticeshipsLevyConsultation@bis.gsi.gov.uk If you would

	touch to express my views on this?	like to be involved in the development of the Digital Apprenticeship Service you can register your interest by e-mailing: DAS@bis.gsi.gov.uk
25	When will further information on the levy be available?	<p>We are hoping to release further details about the levy at the following times:</p> <ul style="list-style-type: none"> ○ February 2016 – HMRC publish draft clauses for levy legislation on collection of the levy ○ Spring 2016 – BIS/DfE publish broad operating model for the levy ○ End 2016 – BIS/DfE publish funding rates ○ Early 2017 - BIS/DfE publish final funding guidelines