

## Apprenticeship Levy

If you are an employer with over £3 million in pay bills (the total amount you pay out in salary) per year, then you must pay a percentage of this into an Apprenticeship Levy. You are also obliged to pay if you are part of a group of connected companies whose collective pay bill exceeds £3 million.

The charge is 0.5% of pay bills, that is all the pay that is subject to Class 1 NIC. HMRC have introduced a levy allowance of £15,000 which is why you only start paying into the levy when bills reach £3 million. The allowance can be split however you wish between a group of connected companies, but the split cannot be changed for that tax year once it has been agreed. Unused allowance cannot be carried over to subsequent years, but you can carry over from month to month within the same tax year.

### Apprenticeship Service

If you pay the apprenticeship levy, you can create an account in order to manage levy funds. You can use the funds to pay for training and assessment for apprentices who work at least 50% of the time in England, up to the funding band maximum for that apprenticeship. You cannot use the funds for other apprentice costs such as wages and travel. We can give you the thorough, detailed rules on what you can use the funds for.

The apprenticeship service only supports the English apprenticeship system, so the amount of funds in each employer's account will depend on how many of their employees live in England. This is called the 'English percentage'.

### Spending funds in your apprenticeship service account

To spend funds in your account, you need to choose a training provider, agree a price and payment plan. You can then use the funds to pay for the training and assessment. For details on different providers, click here. Once the apprenticeship training you have bought has started, monthly payments will be taken from your service account and sent to the provider and you will see funds entering your account each month after you have declared the levy to HMRC, and funds leaving the account each month as you pay for training.

If you do not have enough funds in your account to pay for training in a particular month, you will be asked to share the remaining cost of training and assessing your apprentices for that month with the government, which is called 'co-investment'. With 'co-investment', you will pay 10% of the outstanding balance for that month, and the government will pay the remaining 90% up to the funding band maximum. If your costs go over the maximum, then you must pay the difference out of your own budget.

### Top-ups and expiry of funds

The government will automatically add 10% to the funds in your apprenticeship service account. This will be applied monthly, at the same time the funds enter your account.

### Support with apprenticeship costs

Non-levy paying employers will share the cost of training and assessing their apprentices with government – this is called 'co-investment'. From May 2017, you will pay 10% towards the cost of apprenticeship training and government will pay the rest (90%), up to the funding band maximum.