



# WHAT IS THE APPRENTICESHIP LEVY?

Way2Work has helped recruit and support over 2,000 young people to achieve Apprenticeships and other recognised qualifications. We are committed to support even more young people into apprenticeships and contribute to the government's target to reach 3,000,000 apprenticeship starts by 2020.

We would like to provide you with as much information as possible in order to prepare you for the levy. You may find the following information below helpful

## **What is the Apprenticeship Levy?**

The Apprenticeship Levy is a mandatory tax bill for all employers with an annual wage bill exceeding £3,000,000. This was announced in November 2015 and will come into effect from 6 April 2017.

## **Who will need to pay the Apprenticeship Levy?**

The Apprenticeship Levy rate will:

- be set at 0.5% of an employer's wage bill where it exceeds £3,000,000
- be collected via PAYE
- affect less than 2% of UK employers

Employers affected by the levy will receive an allowance of £15,000, as well as a monthly top-up.

## **What if your wage bill is under £3,000,000?**

If your annual wage bill is under £3,000,000 then you will not have to pay the levy but you will be able to access support from the government digitally.

### **Examples of an Apprenticeship Levy payment.**

If your annual wage bill is over £3,000,000, you will receive a £15,000 allowance from the government per year.

For an annual wage of £10,000,000, 0.5% of this bill is taken as part of the levy which amounts to £50,000. The government allowance of £15,000 is subtracted from this amount which will equate to the total annual levy payment of £35,000.

### **Can the Apprenticeship Levy be used to train existing staff, as well as recruited apprentices?**

Employers may use the Apprenticeship Levy to train existing staff provided the training meets an approved standard of framework and the employee meets the eligibility criteria as an apprentice.

### **Is the Apprenticeship Levy mandatory?**

As a hypothecated tax; the funding from the levy can only be used on apprenticeships. Employers will need to partner with training providers registered with the Skills Funding Agency to deliver the apprenticeship, such as Way2Work.

### **How do employers get back more than they put in?**

The government will apply a 10% top-up to monthly funds entering levy-paying employers' digital accounts, for apprenticeship training in England from April 2017.

All funds entering a levy payer's account will be increased, so every £1 will be increased to £1.10 in value.

### **What should employers do now?**

If you are an employer currently supporting apprentices, we can help advise you on how much money you might have to pay towards the levy should your annual wage bill exceed £3,000,000.

If you are an employer whose annual wage bill exceeds £3,000,000 and currently do not take on apprentices, it may be a good idea to set up an apprenticeship scheme. You will then be able to take advantage of the levy funds available to you from 2017.

If you would like support on how to go about setting up an apprenticeship strategy talk to Way2Work for free advice and guidance.

### **Who can provide the training?**

Funding from the levy can only be used on training to support apprenticeships with approved providers, such as Way2Work.

Should you wish to deliver the training yourself you will need to register with the Skills Funding Agency and become an approved provider. As a training provider you will be subject to Ofsted inspections and other obligations.

For more information on the levy, go to:

[www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work](http://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work)



# Why choose Way2Work?

## Success

Way2Work successfully maintain an Apprenticeship achievement rate above 90%.

## Experience

The service has been successfully operating for over 20 years.

## Network

Way2Work is part of Achieving for Children – providing children’s services for Richmond and Kingston.

## Reinvesting

Way2Work do not make a profit out of Government funding, e.g. your taxes. Every penny of our funding goes directly towards advising, guiding, training and supporting young people.

## Expertise

Way2Work has helped recruit and support over 2,000 young people to achieve Apprenticeships and other recognised qualifications.

## Support

The staff at Way2Work are highly skilled, qualified and experienced in what they do.

## Ofsted

"Apprentices receive excellent training support from the service’s staff and from their employers, who are particularly knowledgeable about their apprentices’ courses and what they need to do to succeed." - Ofsted Rated Good 2016



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