



The Apprenticeship Levy explained...



What's happening?

Taking effect as of **May 2017**, the UK Government has introduced apprenticeship reforms designed to boost the productivity of the UK's economy and increase the skill level of our workforce through training and development programmes. In order to fund the apprenticeship scheme, an Apprenticeship Levy will be introduced in which qualifying companies are required to pay 0.5% of their annual wage bill into a digital account called the Apprenticeship Service (AS).

How is the levy calculated?



The government determines who is applicable to pay into the Apprenticeship Levy by calculating 0.5% of an employer's annual wage bill, minus a government allowance of £15,000. **For example:**

Company A: Employer with annual wage bill of **£5million**

Company B: Employer with annual wage bill of **£1million**

Company A = 0.5% of £5million = £25,000
£25,000 - £15,000 = **£10,000 levy to pay**

Company B = 0.5% of £1million = £5,000
£5,000 - £15,000 = **£0 (nothing to pay)**

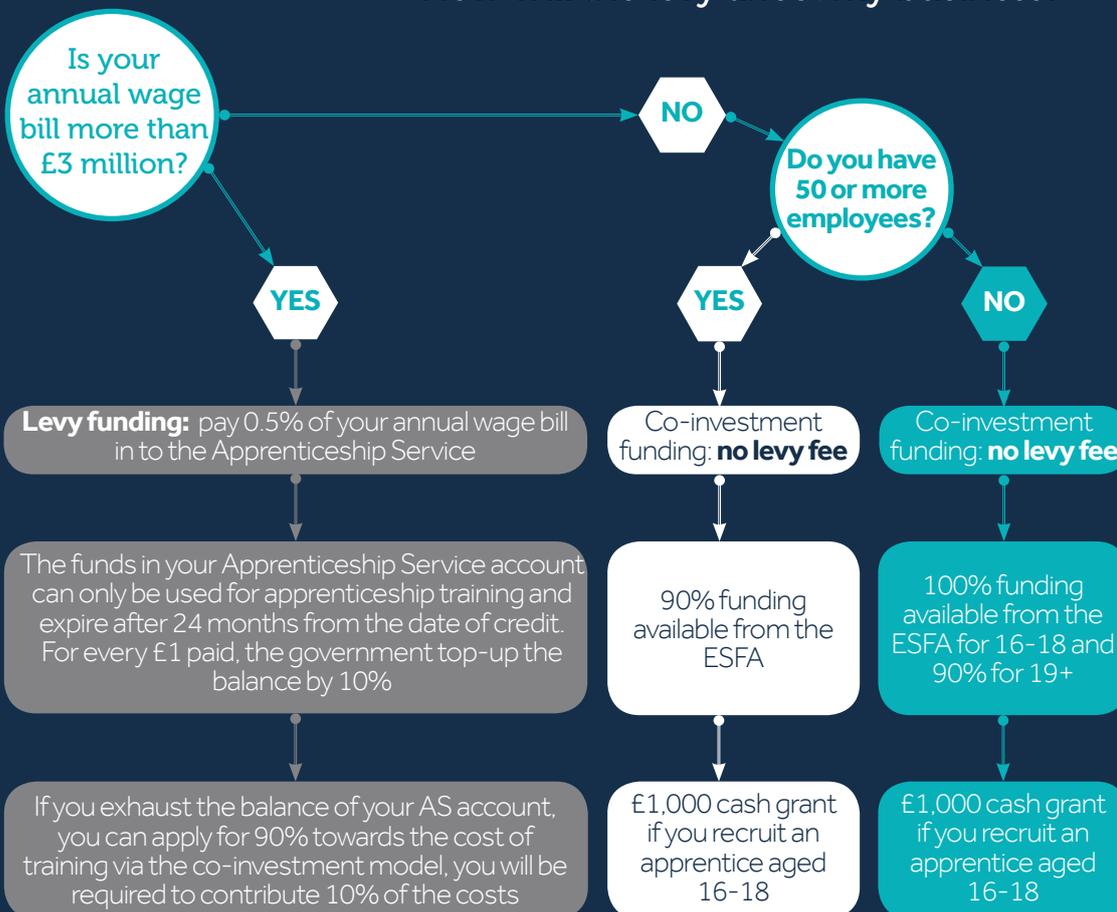
What else is changing?



The changes to apprenticeships are part of the government's wider education reforms and long term agenda aimed at creating interchangeable training and education pathways that sit alongside each other.

- Apprenticeship standards are replacing frameworks
- 'Standards' will be graded - pass, credit or distinction
- The pass rate of the learner is measured by a single end point assessment, carried out by external end point assessment organisations
- 20% of the course will be off-the-job training
- Standards are created and approved by employers
- The Education and Skills Funding Agency (ESFA) has formed to support the industry

How will the levy affect my business?



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information

How much will I have in my AS?

Example...

Annual wage bill = £5,500,000



Levy bill:
0.5% of £5,500,000
= £27,500

£27,500 - £15,000 allowance
= £12,500 to pay

Total funds available in AS:

Levy bill + 10% Government contribution
(£12,500 + £1,250)

= £13,750