

# Apprenticeship Levy Factsheet

## What is the apprenticeship levy?

The way apprenticeships in England are funded is changing. The apprenticeship levy is a new levy on businesses that will be introduced from April 2017 to help support the government's target of 3 million apprenticeship starts by 2020.

**“ The Apprenticeship Levy will put employers firmly in the driving seat, ensuring they have the ability to select and purchase quality apprenticeship training from an approved network of provision, or train apprentices themselves, ensuring there is maximum business benefit. ”**

Ann Watson, Chief Executive, Senta Group

### Who will have to pay the levy?

Employers with an annual payroll over £3 million and operating in the UK (including private, public sector and voluntary sector organisations) will have to pay the levy.



**Only employers with a payroll over £3m pay**



**Government says 98% of employers won't pay the levy**

### What will it cost?

0.5% of an employer's total payroll, with a £15,000 allowance to offset the overall cost.

The levy will be paid to HM Revenue and Customs through the Pay As You Earn (PAYE) scheme from May 2017. Access to levy funds will be through a new online Digital Apprenticeship Service account (DAS). Levy funds collected one month will appear on the DAS the following month and can be exchanged for vouchers to spend on training with an approved training provider.

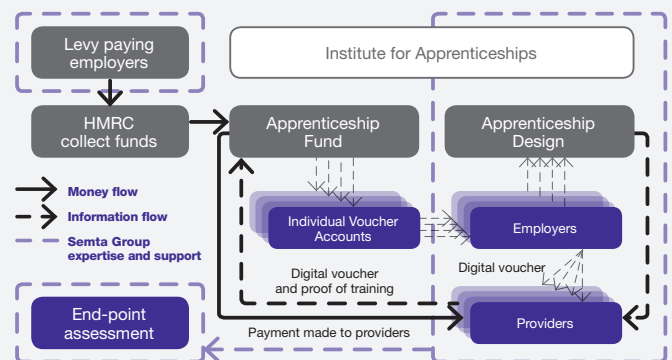
The government will apply a 10% top up to the funds in your digital account – so you will receive £1.10 for every £1 paid in levy.

### What can you spend the levy on?

The levy can be spent on an approved apprenticeship at any level. This ranges from an intermediate Level 2 to Level 2 to Higher/Degree and Masters apprenticeships.

### How will it work?

The diagram below summarises how it will work:



The Senta Group is able to fully manage your Digital Apprenticeship Service Account (DAS) as part of our levy managed service.

See examples below:

### Example 1 - Annual Paybill - £3,120,000

	Paybill	Levy Amount Due (0.5%)	Allowance	Levy Due to HMRC	10% Top Up from HMRC	Digital Account Balance
Month 1	£260,000	£1,300	£1,250	£50	£5	£55
Month 2	£260,000	£1,300	£1,250	£50	£5	£110
Month 3	£260,000	£1,300	£1,250	£50	£5	£165
Month 4	£260,000	£1,300	£1,250	£50	£5	£220
Month 5	£260,000	£1,300	£1,250	£50	£5	£275
Month 6	£260,000	£1,300	£1,250	£50	£5	£330
Month 7	£260,000	£1,300	£1,250	£50	£5	£385
Month 8	£260,000	£1,300	£1,250	£50	£5	£440
Month 9	£260,000	£1,300	£1,250	£50	£5	£495
Month 10	£260,000	£1,300	£1,250	£50	£5	£550
Month 11	£260,000	£1,300	£1,250	£50	£5	£605
Month 12	£260,000	£1,300	£1,250	£50	£5	£660
<b>Totals</b>	<b>£3,120,000</b>	<b>£15,600</b>	<b>£15,000</b>	<b>£600</b>	<b>£60</b>	<b>£660</b>

Annual apprenticeship levy payment = £600

DAS account balance  
(to spend on apprenticeship training) = £660

### Example 2 - Annual Paybill - £18,000,000

	Paybill	Levy Amount Due (0.5%)	Allowance	Levy Due to HMRC	10% Top Up from HMRC	Digital Account Balance
Month 1	£1,500,000	£7,500	£1,250	£6,250	£625	£6,875
Month 2	£1,500,000	£7,500	£1,250	£6,250	£625	£13,750
Month 3	£1,500,000	£7,500	£1,250	£6,250	£625	£20,625
Month 4	£1,500,000	£7,500	£1,250	£6,250	£625	£27,500
Month 5	£1,500,000	£7,500	£1,250	£6,250	£625	£34,375
Month 6	£1,500,000	£7,500	£1,250	£6,250	£625	£41,250
Month 7	£1,500,000	£7,500	£1,250	£6,250	£625	£48,125
Month 8	£1,500,000	£7,500	£1,250	£6,250	£625	£55,000
Month 9	£1,500,000	£7,500	£1,250	£6,250	£625	£61,875
Month 10	£1,500,000	£7,500	£1,250	£6,250	£625	£68,750
Month 11	£1,500,000	£7,500	£1,250	£6,250	£625	£75,625
Month 12	£1,500,000	£7,500	£1,250	£6,250	£625	£82,500
<b>Totals</b>	<b>£18,000,000</b>	<b>£90,000</b>	<b>£15,000</b>	<b>£75,000</b>	<b>£7,500</b>	<b>£82,500</b>

Annual apprenticeship levy payment = £75,000

DAS account balance  
(to spend on apprenticeship training) = £82,500

**Funds will expire 24 months after they enter your digital account unless you spend them on apprenticeship training.**

### Need help?

The changes may seem daunting but Semta is here to support and guide you.

We can offer FREE information, advice and guidance to design, develop and deliver bespoke solutions to support you every step of the way to achieve what is best for you and your business.

### This includes:

- Find out how an apprentice can help transform your business
- Skills needs diagnostic and action plan – to identify your strategic requirements
- Funding guidance
- Strategy to delivery service
- Recruitment to retirement skills solutions tailored to your business

## CAN YOU AFFORD NOT TO CALL US?

To arrange an appointment with one of our apprenticeship specialists please contact:

☎ 0845 643 9001 ✉ customerservices@semta.org.uk

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