

# The new Apprenticeship levy

## What does it mean for *your* business?

Following an initial announcement in the 2015 summer budget, the Chancellor has confirmed employers with a total pay bill of £3 million or more, will be required to pay towards the national Apprenticeship programme.

Paragon Skills' team of experts combine detailed knowledge of **Apprenticeship** schemes and payroll operations. As a result we are able to help *you* understand the impact and the practical application of the Levy and potential options available to *you*.



### When does the Levy apply?

The **Apprenticeship** Levy will come into effect from April 2017.

In advance of April 2017, employers will need to ensure systems and processes are in place to remit the Levy as well as access funds for approved **Apprenticeship** training.

6<sup>th</sup> April  
2017

### Who pays the Levy?

The Levy applies to all UK employers and each employer will have an allowance of up to £15,000 against their Levy. In reality this means employers with an annual 'pay bill' of £3 million or more will have to pay the Levy.

### How is the Levy calculated?

The Levy has been set at 0.5% of the total annual 'pay bill'. The total 'pay bill' will exclude benefits in kind but is expected to include other remuneration that is liable to PAYE and/or NIC withholdings.

The Levy will be collected via the Real Time Information System; alongside Income Tax and NIC.

The Levy will be paid into the central treasury pot, accessed via a digital account.

### What reliefs are available?

Employers will receive an allowance of £15,000 to offset against the Levy.

Employers will be able to use the funds in their digital account to pay for qualifying **Apprentice** training programmes.

From April 2016 there is also an exemption for Employers Class 1 NIC for qualifying **Apprentices** under the age of 25 accessed via a digital account in the **digital apprenticeship service (DAS)**.



# What are the challenges and the opportunities available?

## Cost

For many employers the Levy will result in an increase in costs. Businesses will also face additional costs with the National Living Wage and the increase in Auto Enrolment charges. As a result, now is the time to consider your employment spend.

## Recruiting

Recruiting new Apprentices will allow employers to balance the cost of the Levy and potentially gain access to additional funding. Any new recruitment should consider the training programmes available.

## Systems

It will be vital for employers to be able to access and use the digital system, accessed via a digital account in the Digital Apprenticeship Service (DAS), to ensure the appropriate training resources can be identified and to ensure access to funding for Apprenticeships.

## Training

In order to access the Apprenticeship funding arising from the Levy, employers will need to have Government standard 'qualifying' Apprenticeship schemes in place.

## How to calculate the impact of the Apprenticeship Levy on *your* business

We have developed an interactive tool that will project the impact of the **Apprenticeship** Levy to *your* business. The tool utilises payroll data, **Apprenticeship** costs and the number of Apprentices within *your* organisation to provide *you* with:

A projection of the cost of the Apprenticeship Levy to the business

An estimate of the savings available from *your* current training budget

An indication of the savings from the Employers NIC Apprenticeship exemption

A free needs analysis to determine the required number of Apprenticeships to cover the costs

## How can we help?

Paragon Skills are able to support *your* business in determining the impact of the **Apprenticeship** Levy and the options available. Our services include:

1. Determining the impact of the Levy.
2. Assess how *your* current **Apprenticeship** and training arrangements meets the requirements under the Levy to ensure you maximise *your* funding.
3. Design *your* **Apprenticeship** programme including development of any new **Apprenticeship** standards if required.
4. Advice on implementation of a quality **Apprenticeship** programme that meets *your* workforce skills and development requirements.

Contact us now



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