

APPRENTICESHIP LEVY FUNDING



Eligibility

If your pay bill has exceeded £3 million in the last year or you believe it will exceed £3 million in the current year. You should monitor pay bill throughout the year and report immediately if you become liable to pay the apprenticeship levy. You must contract with the ESFA and abide by the employer funding rules.



How Much?

The levy is 0.5% of your total payroll. You will get an allowance of £15,000 across the year. This means your pay bill must exceed £3m before you pay the levy even if you are registered. If you are paying into the levy the allowance will ensure you only pay into the levy when your pay bill exceeds £3m. The government will top up funds in your levy pot by 10% meaning you will have £1.10 to spend for every £1 contributed.



Running out of Funds

The levy funds are paid monthly based on annual pay bill information. If you have a large number of apprentices finishing at the same time or your cumulative funds expire it is possible to run out of levy funds in any one month. As a levy payer if you do not have enough levy funds available to cover on programme or end point funding costs you will be moved to a co-investment model where the government contributes 90% of the cost of training. In this scenario your training provider will invoice you for the additional 10% employer contributions for that month's funding amount.

This is calculated on a month by month basis so subsequent spare funds in future months does not cancel out the requirement for the 10% contribution. This should be considered if you have a large cohort of students who will all complete the apprenticeship at the same time as 20% of the total negotiated price for each apprentice will be withdrawn from your levy funds in that month.



Funding Timing

The funding for an apprentice will leave your account monthly to be paid to your training provider.

80% of the total training price agreed will be paid monthly over the entire duration of the apprenticeship programme.

The remaining 20% will be paid when the apprentice attempts the EPA.



When

You must report your levy payments monthly.

Details must reach HMRC within 14 days of the end of each tax month.

You must continue to report in this way until the end of the tax year even if your status changes.



Incentives

If you have an apprentice aged 18 or under* they attract additional funding of £1000.

This funding is paid to your training provider at the end of month 3 and the end of month 12 and will be paid over to you once received.



Expiry

Funds in your apprenticeship levy pot will expire after 24 months with any unspent levy funds disappearing.

*There are other instances where apprentices can be eligible to receive additional payments.