



As of October 2017, only about half of eligible businesses have registered on the new apprenticeship levy system. But with the government investing £2.5 billion to ensure there are 3 million new apprenticeship starters by 2020, how can your organisation make the most of the levy?

The apprenticeship levy

How does it work?

The levy was implemented in May 2017, with only employers with a pay bill of £3 million or more needing to contribute, paying 0.5% from their annual pay bill.

However, companies with a pay bill under £3 million will still need to contribute a small cost towards training an apprentice. Called 'co-investment', non-levy paying employers will pay 10% towards the cost of apprenticeship training with the government paying the remaining 90%.

If a business has under 50 employees, they can expect their training to be fully paid by the government, providing they hire a 16-18-year-old apprentice.

For levy paying companies, they gain access to the government's digital account system, which enables employers to search for training providers and pay for their apprentice's training using levy funds.

However, levy funds cannot be used for: apprentice wages, apprentice travel and managerial costs. It's also worth remembering to spend these funds sooner rather than later since the funding expires after 24 months.

Levy benefits

One of the advantages of paying the apprenticeship levy is, of course, bringing fresh talent in the form of an apprentice to your company and alleviating the skills gaps within your business.

You can also use the levy to upskill your existing staff with a variety of programmes including leadership and management qualifications.

These programmes can give your workforce vital skills that will help them develop into more senior positions, and the investment in your staff can have a notable impact on staff satisfaction and productivity.

Here at Skills Team we rely on a "skill scan" service, which allows us to assess a workforce and identify the key areas where an organisation can develop.

From there the data can be used to decide if recruiting apprentices will benefit the most, if some additional training for the workforce is a better path, or a combination of the two.

Embrace the levy

The levy is here to stay, so it's important that employers make the most of their levy funds. We recommend all companies to work with a local training provider to ensure they can be registered into the digital account system.

Your training provider may also be able to provide a range of services to assist with the levy. At Skills Team, we provide all our clients with a specialist levy expert to meet their recruitment & upskilling needs alongside an account manager to help manage their levy funds.

With proper planning and support, the levy can help you bridge your skills gap, and allow you to use the government funding to get the maximum benefit for your business.

For more information on the apprenticeship levy, please contact Skills Team on 020 3174 1100 or info@skillsteam.com