



UCQ
UNIVERSITY
CENTRE QUAYSIDE

GUIDE TO APPRENTICESHIP FUNDING AND THE LEVY



“University Centre Quayside (UCQ) is an independent provider of higher education focused entirely on management and leadership development through work-based learning. Working nationally, our primary aim is to enable employers to drive improvement in their business performance through the development of management skillsets in both existing and aspiring managers.

We know that the changes in higher education and apprenticeships can appear to be quite complicated and we are here to help you.

Apprenticeship Funding

Substantial changes to how apprenticeship programmes in the UK are funded, were introduced in April 2017. Since then, employers with an annual UK payroll bill in excess of £3 million have been required to pay the equivalent of half a percent of the excess into their own dedicated apprenticeship service account. This additional hypothecated tax is known as the Apprenticeship Levy (the Levy). Currently, Levy payments can only be used to fund approved apprenticeship programmes, including degree apprenticeships offered by UCQ.

Who pays the Levy and how much is paid?

Although all public and private sector organisations based in the UK are classed as being in-scope, currently only those with an annual payroll bill in excess of £3 million pay the Levy. The calculation for how much an organisation's Levy payments will be, is based upon its total employee earnings subject to class 1 secondary National Insurance contributions. All organisations within England, Wales, Scotland and Northern Ireland whose payroll bill meets the criteria must pay the Levy and there are no exemptions.

How is the Levy paid?

Levy payments are collected by HM Revenue and Customs (HMRC) through the Pay As You Earn (PAYE) process in the same way that tax and National Insurance contributions are made. Employers calculate the amount of Levy to be paid, based upon the previous month's payroll bill and are responsible for declaring this to HMRC, who will then collect the Levy, along with the other payroll taxes and transfer this across to the employers' apprenticeship service account, if they have one set up. Employers are responsible for setting up their own apprenticeship service account and this is normally done by

someone in the payroll department using the employers Government Gateway account. We understand that this can be quite complicated so, if your company does not yet have an apprenticeship service account, is uncertain how to set one up or requires assistance in doing so, UCQ would be pleased to help – call or email us and we will be in touch to help.

How much will I have to spend?

The amount you will have to spend will comprise of your Levy payments plus a Government top up of 10%. In simple terms, Levy payments will be equivalent to a half a percent of your company's UK payroll cost in excess of £3 million per annum; broadly speaking this equates to a Levy payment of £5000 for every £1 million of qualifying payroll cost. As a rough example, an employer with an annual UK payroll bill of £10 million could expect to pay $(£10,000,000 - £3,000,000) \times 0.5\% = £35,000$. The Government will top this up by 10%, which means that the total value of funds available to spend on approved apprenticeship programmes will be £38,500.

What can Levy payments be used for?

Currently, Levy payments can only be used to pay for approved apprenticeship programmes offered by an approved apprenticeship provider; this includes degree apprenticeships offered by UCQ. Levy funds can be used to pay for the cost of training and end point assessments but not expense items such as wages, statutory licences to practise, travel or the likes.

Can Levy payments be used for existing staff?

Yes, Levy payments can be used to fund apprenticeship programmes aimed at upskilling existing members of staff. Degree apprenticeships, such as the Chartered Manager Degree Apprenticeship (CMDA) offered by UCQ, can be funded

using Levy payments; UCQ's CMDA has been designed to help employers drive business performance and improved results through the development of both existing and prospective managers.

What is the cost of an apprenticeship?

Apprenticeship programmes are organised in structured funding bands which are set by the Government. The maximum funding band is £27,000, which is the cost of our CMDA programme.

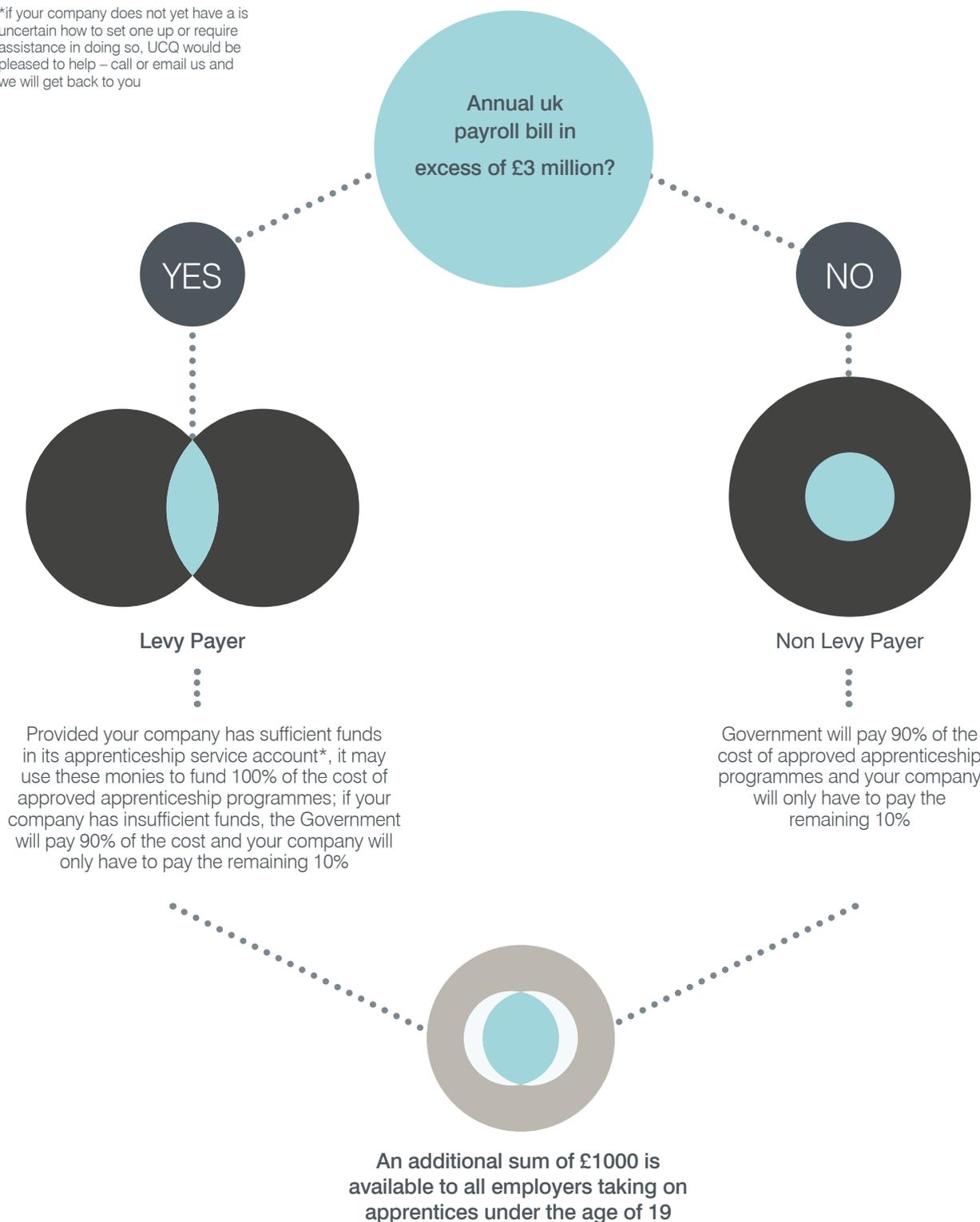
Can Levy payments be transferred to another organisation?

Yes, from April 2018 Levy paying organisations can transfer up to 10% of their Levy funds to one other employer through the apprenticeship service. Transfers can be made to any employer, including smaller employers in their supply chain. Levy-paying employers who wish to transfer funds will have to agree the individual apprenticeships that will be funded by a transfer with the employer receiving the funds. Employers receiving transferred funds will only be able to use them to pay for training and assessment for apprenticeship standards, such as the CMDA, not older frameworks.

Will my Levy funds expire?

Yes, unless they have been spent on approved apprenticeship programmes, Levy funds will expire 24 months after they have been transferred to an employer's apprenticeship service account. Funds will age from the point they are transferred, with the oldest being applied to any apprenticeships underway first, in order to keep the level of expired funds to a minimum. Expired funds will be made available to other employers, so in theory an organisation could end up paying its competitors staff development if unable to spend their funds themselves.

*if your company does not yet have a is uncertain how to set one up or require assistance in doing so, UCQ would be pleased to help – call or email us and we will get back to you



At a glance

- Employers will pay 0.5% of their payroll bill in excess of £3 million into the Levy
- Levy payments will be made via the PAYE process into an employer account set up through Government Gateway
- Government will top up employer Levy payments by 10%
- Levy funds can only be spent on approved apprenticeship programmes such as UCQ's Chartered Manager Degree Apprenticeship (CMDA)
- Organisations not paying into the Levy will receive a minimum of 90% of the cost of approved apprenticeship programmes
- Levy funds can be used to upskill existing staff members in areas including leadership and management



To find out how UCQ can help you improve the performance of your business, contact us today

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