

[News story: Key facts you should know about the apprenticeship levy](#)

Key facts you should know about the apprenticeship levy – GOV.UK

The apprenticeship levy is celebrating its two year anniversary. Here's what you should know.



Two years ago, we introduced the apprenticeship levy to create long term sustainable funding for apprenticeships and to give employers more control to provide their staff with a range of training opportunities.

The levy means there is more money available than ever before for apprenticeship training and allows employers to choose which apprenticeships they offer, how many and when. By 2019-20 the funding available for investment in apprenticeships in England will have risen to over £2.5 billion, double what was spent in 2010-11 in cash terms.

[Since, it was introduced the levy has directly supported almost 313,000 people to start their apprenticeship journey.](#) For more information about how the levy and apprenticeship funding works please visit gov.uk [here](#).

Despite this progress, there are still some misconceptions about how the levy works. Here are the key facts you should know:

I am a business owner; do I need to pay the levy?

- The levy is paid by large employers with a pay bill of over £3 million (they pay 0.5% of their total annual pay bill). Currently, only 2% of employers pay the apprenticeship levy, but this funding has helped directly support almost 50% of all apprenticeships in 2017/18.

I am a levy paying business, how can I access my funds?

- Levy paying employers access their funds through the online apprenticeship service. The funds in their accounts are available to

spend on apprenticeship training in England. For more advice and information [visit](#).

Will my levy funds only be spent on apprenticeships?

- The levy is there to fund apprenticeship training for all employers. Any unspent levy funds are used to support existing apprentices to complete their training and to pay for apprenticeship training for smaller employers.

Does the levy only help big businesses?

- No, not at all. The levy is there to fund apprenticeship training for all employers. Smaller employers – those with a total annual pay bill of less than £3million – pay just 5% of the cost of their apprenticeship training and the Government pays the rest.

How is the Government helping levy paying businesses to spend their funds?

- The [National Apprenticeship Service](#) provides face to face and telephone support to levy paying employers to help them invest their levy funds and use apprenticeships to support their businesses.
- Levy paying employers can now also [transfer up to 25% of their levy funds](#) to other employers. This will help to make sure the system is flexible, meets the needs of employers and will also help smaller businesses to invest in more training opportunities.

I am a business owner and I am struggling to spend my levy funds?

- We understand that employers want and need flexibility. To support this the Government extended the amount of time employers have to spend their levy funds from 18 to 24 months. Levy paying employers can now also [transfer up to 25% of their Levy funds](#) to other employers.

Has the apprenticeship levy helped to increase the take up of apprenticeships?

What happens to unspent levy funds?

- Employers have 24 months to use their funds once they enter their apprenticeship service account, after this point, their funds will expire. The funds expire to encourage levy paying employers to invest in high-quality training and assessment and to prevent levy payers from accruing very large balances. However, any unspent levy funds within each financial year are then used to support existing apprentices to complete their training, pay for apprenticeship training for smaller employers and additional payments to support apprentices.

I am a levy paying business, will the Government spend my unspent levy funds on other things?

- Employers can only spend their levy funds on apprenticeship training in

England.

- However, it is important to note that there is a difference between employers' levy funds and the department's ring-fenced apprenticeship budget. The departments' budget funds all apprentices currently in training – those already in an apprenticeship and those just starting, those working for employers who pay the apprenticeship levy, and those working for employers who do not.
- As businesses of all sizes recruit and train more apprentices, we expect there will be very little (if any) year on year underspends of the apprenticeships budget. We also expect to see levy payers spending an increasing proportion of their funds too.

My employee wants to do an apprenticeship programme that last longer than 24 months, but my levy funds expire after 24 months. How I can fund this?

- The fact that an employer's funds expire after 24 months in their apprenticeship service account doesn't stop employers meeting the full costs of an apprenticeship that lasts longer than 24 months. New funds enter an employer's account every month for as long as they pay the levy.
- The costs of an apprenticeship are spread over the full length of the apprenticeship and are met in monthly instalments. The Government always uses the oldest funds in an account first to minimise the potential for funds to expire.
- Only funds that are not spent will expire 24 months after they enter an employer's account. If an employer does not have sufficient funds in their account to cover the monthly cost, the Government will pay 90% of the balance due.
- Employers can use the [National Apprenticeship Service's 'Estimate my apprenticeship funding'](#) tool to estimate how much your organisation will have available to spend on apprenticeships.

I pay the levy but I find the apprenticeship system bureaucratic and complicated. Who can I talk to for help?

- Thousands of employers including top firms like Channel 4, Royal Mail and Lloyds Banking Group as well as public sector organisation like the NHS and the British Armed Forces are using their levy funds effectively to set up a range of high-quality apprenticeship programmes.
- If businesses need help or advice, they can always speak to the National Apprenticeship Service who provides face to face and telephone support to levy paying employers.

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Thank you for your feedback