



Name of the instrument in English	Apprenticeship levy
Country	 United Kingdom
Type of instrument	Training funds

Level of operation	Sub-country
Part of the country where the instrument applies	England
Region(s) in which the instrument applies	nap
Sector(s) in which the instrument applies	nap
Legal basis	Finance Act 2016. It only regulates the employer levy (i.e. the employer tax, which is applicable to all levels of apprenticeships). All apprenticeships started before 1 May 2017 will be funded through to completion according to the existing rules: (http://qualifications.pearson.com/content/dam/pdf/Support/Funding/16110...).
Objective(s) and target(s)	To develop vocational skills and to increase both the number of the apprenticeships to help achieve the 3 million apprenticeship target by 2020 and to boost the quality of apprenticeships through stronger employer involvement (Apprenticeship Levy Policy Paper, 2016)
Year of introduction	2017
Year of termination	No foreseen end to the instrument (on-going)
Governance (management, operation, monitoring and evaluation)	Until March 2017, Skills Funding Agency (SFA) was responsible for the overall management, monitoring/evaluation of the instrument and day-to-day operation. The SFA has been merged with the Education Funding Agency to become the new Education and Skills Funding Agency, operational as of April 2017. As of 2017/18 HM Revenue and Customs is also involved as the levy is to be deducted from the employers account.
Eligible group(s)	All companies above a certain wage bill which provide apprenticeship places to students who are enrolled in an approved apprenticeship scheme and are residents of England.

Education and training eligible	The scheme funds only apprenticeship.
Source of financing and collection mechanism	Levy on companies (regulated by law). Companies with a pay bill of EUR 3.4 million or more per year are obliged to contribute 0.5% of their payroll (with an allowance of EUR 17,100) to the state via HM Revenue and Customs, irrespective of the training activities they may or may not conduct. State (topping up the funds from levy).
Financing formula and allocation mechanisms	The funds collected through the levy cover entire off-the job training costs. Yet if the employer decides to invest more funds than received from the training fund, the state will top up 10% of the additional off-the-job training costs for levy-paying companies and 90% of the costs for non-levy-paying companies (i.e. those with a pay bill below EUR 3.4 million per year). After the digital account, which holds the company's levy payments plus the government's top up funds has been exhausted (i.e. the funds were spent on apprenticeship training), the company may receive co-funding equal to 90% of any additional apprenticeship training costs. The money in the digital account must be spent within 24 months. The amount the company may receive (after the company has paid all their levy and wishes to continue to invest in apprenticeship training over and above the levy) depends on the apprenticeship and its corresponding funding band, which can range from EUR 1,710 (band 1) to EUR 30,780 (band 15, which is likely to apply to degree and some other higher apprenticeships in science, technology or engineering). For example for an Adult Care Worker Apprenticeship Standard the government would pay up to EUR 3,078 (i.e. 90% of corresponding band 2 set at EUR 3,420) for a Level 2 apprenticeship.

Related apprenticeship schemes

Apprenticeships



UNITED KINGDOM

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