

CIPD Guide to the Apprenticeship Levy

What is an apprenticeship?

An apprenticeship is a paid job which combines employment and training and is available to anyone entitled to work in the UK. An apprentice receives a nationally recognised qualification on completion.

How have apprenticeships benefitted employers?



The apprenticeship levy

From 6 April 2017, all UK employers in the public or private sector with a pay bill of over £3 million have to contribute to the apprenticeship levy an amount equal to 0.5% of their annual pay bill, minus a £15,000 allowance. Organisations are then able to draw down the funding, with an additional 10% top-up from the Government, to pay for apprentice training and assessment with a registered training provider and assessment organisation.

Example

Annual pay bill	Levy bill	Allowance	Payment due
£5 million	£25,000 (0.5% x £5 million)	£15,000	£10,000

Use this [calculator](#) to work out if and how much your organisation needs to pay, and how much funding will be available to you to spend towards apprenticeships.

Making the most of the apprenticeship levy

- ✓ **Dos**
 - ✓ Integrate apprenticeships and levy funding into your workforce planning.
 - ✓ Connect your apprenticeships with progression opportunities.
 - ✓ Get buy-in internally, particularly with senior leadership.
 - ✓ Work with the local community, but cast the net widely when recruiting.
 - ✓ Shop for and work with a quality training provider.
 - ✓ Offer transferable, rather than narrow and specific, skills.
- ✗ **Don'ts**
 - ✗ Don't re-badge existing training as apprenticeships unless it adds value.
 - ✗ Don't ignore levy funding as an opportunity to revitalise your apprenticeship programme.
 - ✗ Don't view apprentices as cheap, short-term labour.
 - ✗ Don't hire lots of apprentices all at once.
 - ✗ Don't neglect to offer line management and other support.

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