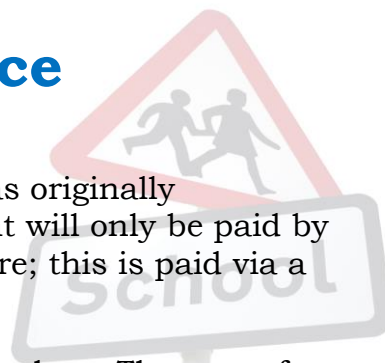


Schools Levy Guidance



The Apprenticeship Levy is a Government initiative that was originally announced in the 2015 summer budget. The Levy payment will only be paid by employers who have an annual pay bill of £3 million or more; this is paid via a digital account.

The education sector has a wide variety of arrangements in place. The type of educational establishment affects who is considered to be liable to report and pay the levy.

Local authority schools

Where the local authority is the employer of the staff within a school, i.e. community or voluntary controlled schools, it is the local authority which is liable to report and pay the levy, not the individual schools. This is because it is the local authority who has the responsibility to pay Class 1 secondary NICs on the earnings of the employees within its schools.

The local authority should add together all of the earnings on which it is liable to pay Class 1 secondary NICs in order to calculate its levy liability. Each local authority has one annual levy allowance of £15,000 to offset against its levy liability.

Academies and multi-academy trusts

In an academy, the governing body of the academy is the employer with the responsibility to pay Class 1 secondary NICs. Therefore it is the governing body which is liable to report and pay the levy.

Multi-academy trusts (MATs) encompass multiple academies. The MAT itself is the employer of all of the staff within all of the academies under its control. It is the MAT which is responsible for paying Class 1 secondary NICs on the earnings of those staff.

This means that the MAT is also responsible for reporting and paying the levy. The MAT should add together all of the earnings of staff for which it is liable to pay Class 1 secondary NICs in all of its academies in order to calculate its levy liability. The MAT will have one annual allowance of £15,000 to offset against its levy liability.

Foundation schools

In a foundation school, it is the governing body as the employer who is liable for the payment of Class 1 secondary NICs. Therefore, it is the governing body which is liable to report and pay the levy.

Voluntary aided schools

In a voluntary aided school, the governing body is the employer with the responsibility to pay Class 1 secondary NICs, so it is the governing body who have a liability to pay the levy, and who have an entitlement to the allowance.

Trust schools

For trust schools, the degree of control the co-operative trust has over individual schools within it, determines whether the individual schools have their own levy allowance. For example, where the trust may only appoint a minority of governors to the school's governing body, the school will have its own levy allowance and levy will only be payable if the school's pay bill is more than £3 million.

Where the co-operative trust has control over the individual schools within it, for example, where the trust may appoint a majority of governors to the schools' governing bodies, the £15,000 levy allowance will be shared between the schools in the trust and so a trust school with a pay bill less than £3 million may have a levy liability depending on how the levy allowance is allocated.

Local authority schools which acquire academy status part way through the tax year

Example:

A local authority school acquires academy status on 1 September. For the months April to August, the local authority will be liable to report and pay the levy based on the pay bill of the staff within all of the schools under its control. From 1 September, the newly created academy is an employer in its own right and will be liable to report and pay the levy (depending on the size of its pay bill). It will have its own £15,000 allowance to offset against its liability. As the academy will be a new employer, it will be entitled to the whole of the £15,000.

For further guidance, please use links below:

- <https://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work>
- <https://www.gov.uk/government/publications/apprenticeships-reforms-guide-for-schools>