News

Apprenticeship Levy

The Apprenticeship Levy was introduced by the Government in April 2017 to fund new apprenticeships and support training of employees. The Levy is charged at a rate of 0.5% of an employer’s pay bill.

The cost of the apprenticeship levy has been met by the University Chest from 1 April to 31 July 2017 whilst the necessary system changes have been made and the process has been formulated. The Apprenticeship Levy will be charged to departments (GL & projects) from August onwards.

It is planned that from 1 August the Apprenticeship Levy will be included in the output file from Core to Oracle Projects and will be posted as part of the normal monthly upload to all projects. The total cost summarised by employee/project/task will include the Levy alongside the usual elements (Gross Value, Employer National Insurance Contribution, and Employer Pension Contribution). The UO Projects Employee Formatted Report will disclose the Levy in a separate column.

The Research Councils and Wellcome Trust have confirmed that the charge can be recovered through grant virement within the cash limits of existing grants. However a number of major sponsors, such as Cancer Research UK and Leverhulme Trust, and until further notice, British Heart Foundation, have already indicated that they will not fund the apprenticeship levy. X5 has been updated to reflect this as communicated in the Research Services news:


The Apprenticeship Levy costs will therefore need to be removed from projects where the Levy is not recoverable under the terms of the grant. Research Accounts will identify the unrecoverable Apprenticeship Levy costs which will be removed from projects and recharged to departments on a monthly basis as soon as the payroll file has been posted. The double entry will be as follows:
Debit GL **0000-51430 £15.95
Credit Projects Apprenticeship Levy (£15.95)

Departments will be notified by email immediately after the recharge has taken place.

It is worth mentioning the following:

- Recharges removed from research projects will be analysed on an employee-by-employee basis.
- A separate expenditure type, "Apprenticeship Levy", will be created in Projects. This expenditure type will be mapped to GL account 51430.

**Transfers of Staff Costs between Projects**

Transfers of staff costs between projects on which the Apprenticeship Levy is recoverable should present no difficulties to departments. However, extra care should be taken in cases where at least one of the projects involved in the transfer does not allow for the Levy to be recovered.

**Scenario 1 – transfer of staff cost from project A to project B; the Apprenticeship Levy is irrecoverable on project A, but is recoverable on project B**

The staff cost on project A will consist of two expenditure items, the original staff cost, as per the payroll posting, and the credit entry against the apprenticeship levy expenditure type. A department should process as follows:

1. A project-to-project transfer, which ensures that both expenditure items are moved across to project B;
2. If the value of the apprenticeship levy is greater than £100 then a department may want to consider a GL-to-Projects journal (please see double entry below), this will enable the Apprenticeship Levy previously removed from project A by Research Accounts to be charged back to project B. **Please note that this is not mandatory.**

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<tr>
<th>Debit</th>
<th>Projects</th>
<th>Apprenticeship Levy</th>
<th>£15.95</th>
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<tr>
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**Scenario 2 – transfer of staff cost from project A to project B; the Apprenticeship Levy is recoverable on project A, but is not recoverable on project B**
In this scenario, project A allows for the recovery of the Levy, so the staff cost in project A is unadulterated. Project B, however, does not fund the levy, the following steps will be required to complete the transfer:

1. A project-to-project transfer;
2. A Projects-to-GL journal (please see double entry below), which ensures that the Apprenticeship Levy removed from project B, in line with the award’s terms and conditions. This will be completed by Research Accounts when the next financial report of statement is issued to the funder:

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