

Government incentive to hire an apprentice

During these difficult economic times the government has announced a number of measures to try and boost the economy. One of these is the government's Plan for Jobs which includes a new incentive payment for employers who take on an apprentice between 1st August 2020 and 31st March 2021.

Reasons why you should think about employing an apprentice:

- **Salary costs are lower** - The current minimum wage rate for an apprentice is £4.15 per hour. This rate applies to apprentices under 19 and those aged 19 or over who are in their first year
- **New incentive of up to £2,000** to take on an apprentice – See overleaf for further details
- **National insurance breaks*** - if you employ an apprentice under 25 yrs old you don't need to pay Class 1 National Insurance contributions (NICs) on their earnings below £827 a week (£43,000 a year).
- **Proven to boost productivity***
- **Chance to develop new talent** to meet the needs of your business
- **No recruitment costs** using our free apprentice recruitment service

* Apprentices must be following an approved apprenticeship

** 78 per cent of employers said apprenticeships improved productivity. (Source: Apprenticeship Evaluation 2017: Employers).

Apprenticeship Incentive Payments

1st August 2020 to 31st March 2021

Incentive payment for hiring a new apprentice

1. The government's Plan for Jobs will help to kickstart the nation's economic recovery. In recognition of the value apprentices can bring to our economy, an incentive payment will be made to employers who hire an apprentice between 1st August 2020 and 31st March 2021.
2. In order to claim an incentive payment for hiring a new apprentice there are 3 steps you need to follow:
 - i. You will need to create an account on the Apprenticeship Service prior or during the apprentice sign up process.
 - ii. You must use this account to make a funding reservation to cover the costs of apprenticeship training and assessment prior to sign up.
 - iii. You must also use this account to apply for an incentive payment for hiring a new apprentice.

Further details on these 3 steps can be found overleaf.

3. The apprentice must be a new employee to the business and hired as an apprentice from day 1. They must have a contract of employment stating that they are an apprentice and have an apprenticeship agreement with a start date between 1st August 2020 and 31st March 2021 (inclusive). They must not have been employed by you within the six months prior to the contract start date. There will also be a requirement for you to sign a declaration confirming that they are a new employee when making a claim through the Apprenticeship Service.
4. If you are paying your new apprentice between the apprentice National Minimum Wage and the National Minimum Wage for their age, the apprentice will need to be signed on to their apprenticeship with us on their first day of employment. Therefore please liaise with us when arranging the start date.
5. There will be two levels of payment based on age. For apprentices aged 16-24 the payment will be £2,000, and for apprentices aged 25 or over the payment will be £1,500.
6. The payment will be made directly to employers in two equal instalments, where the apprentice is still in learning at day 90 and day 365.
7. There will be no limit on the number of incentive payments you can claim for apprentices who are eligible to receive funding, provided each apprentice meets the criteria.
8. The window for you to claim the incentive payments for hiring a new apprentice is between 1st September 2020 – 30th April 2021.

Full terms and conditions can be found [here](#). In particular pages 31 – 35. We're here to help with any queries or to assist you with any of the above points, so please don't hesitate to contact us.

Additional payments for employers

Support for young apprentices aged 16-18

1. If the apprentice is 16-18 years old you'll receive £1,000 to help meet the extra costs associated with this. This will be paid to you in two equal installments at 90 days and 365 days. These payments are made to employers via their training provider, who will pass the money on.
2. These payments are separate from, and therefore in addition to, the incentive payments for hiring a new apprentice, which are paid directly to you through the Apprenticeship Service.



Setting up an Apprenticeship Service account

To register for an Apprenticeship Service account, you will need:

- an email address you have access to
- the Government Gateway login for your organisation (or you can use the accounts office reference number and employer PAYE scheme reference number as a non-levy payer)
- authority to add PAYE schemes to the account
- authority to accept the employer agreement on behalf of your organisation
- during the reservation stage you will be asked for the training provider's UKPRN, please enter – 10003161

The government will ask you to:

- create an account
- add a PAYE scheme on behalf of your organisation
- accept the employer agreement with the ESFA

To set up an account visit GOV.UK at: <https://accounts.manage-apprenticeships.service.gov.uk/service/index>

Reserving apprenticeship funds

This can be done via the 'Your funding reservations' option when you sign in to your Apprenticeship Service account. Below is a link to the ESFA YouTube channel which will guide you through the process.

Apply for an incentive payment for hiring a new apprentice

This can be done via the Finance option when you sign into your Apprenticeship Service account under the option 'Apply for the hire a new apprentice payment'. Below is an ESFA YouTube link for guidance on the process.

Getting help to set up and manage your account

You can either:

- visit the knowledge hub at: <https://help.apprenticeships.education.gov.uk/hc/en-gb/sections/360001841359-Employer>
- search for help in the Apprenticeship Service at any time
- call 08000 150 600
- email the Apprenticeship Service at helpdesk@manage-apprenticeships.service.gov.uk

Useful tutorials:

<https://www.youtube.com/watch?v=NC3RzRrvqoc> (registering for an AS account)

<https://www.youtube.com/watch?v=mCjxL2nclrg> (reserving apprenticeship funds)

<https://www.youtube.com/watch?v=CM1gpZs1N4I> (apply for an incentive payment for hiring a new apprentice)

Get in touch

If you would like any further guidance or information about recruiting an apprentice please contact us on:

📞 0800 731 8199

✉️ training@babcockinternational.com

🌐 www.babcocktraining.com

