

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 in the six months from the 1st August 2020.

We know that recruitment may not be a top priority at the moment but we wanted to let you know about the new apprentice employment incentive available and to remind you what a great asset apprentices can be to business.

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 January 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 January 2021.
2. The apprentice must be a new employee to the business, have a contract of employment start date between 1st August 2020 and 31st January 2021 (inclusive) and must not have been employed by the employer within the six months prior to the contract start date.
3. Claims can start to be made by employers in relation to these apprentices from 1st September 2020. Those claims must be made through the Apprenticeship Service, further details below.
4. 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.
5. 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.
6. There will be no limit on the number of incentive payments that an employer can claim for apprentices eligible to receive funding, provided each apprentice meets the criteria, including being a new employee.

Additional payments for employers

Support for young apprentices aged 16-18

1. When employers take on a 16-18-year-old on an apprenticeship standard, they receive £1,000 to help meet the extra costs associated with this. This will be paid to employers in two equal instalments 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 the employer through the apprenticeship service.



Setting up an apprenticeship service account

The Education & Skills Funding Agency have not announced how employers will apply for incentive payments through the Apprenticeship Service but the details on how to set up an account are:

To set up 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

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 please visit GOV.UK at: <https://accounts.manage-apprenticeships.service.gov.uk/service/index>

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 their opening hours are 8am to 8pm, Monday to Friday.

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

