

# Apprenticeships for Recovery and Growth

A guide to building business capacity and  
capability through apprenticeship training

**August 2020**

# Contents

Introduction	03
The benefits of apprenticeships to business	04
Apprenticeship incentives explained	05
Information for employers who pay the apprenticeship levy	07
Information for non-levy paying employers	09
About us	10
Contact us	12





## Introduction

**Training and skills will play a huge role in the UK's ability to rebuild, prosper and build back better in the wake of Covid-19.**

**Businesses that lack employees with the right skillset will struggle to increase capacity and output. Meanwhile the unemployed - and in particular young people entering the labour market for the first time - will struggle to access opportunities in growing industries without the right training.**

Apprenticeships provide a unique opportunity for businesses and individuals to unlock potential in an uncertain post-Covid world. Hiring apprentices is an effective way for any business to develop a skilled, qualified and productive workforce that can respond to changing conditions and support organisational recovery and growth.

Recognising the value that apprentices bring to the economy, the Government's Plan for Jobs includes updates to apprenticeship funding policy, with incentive payments for employers who hire new apprentices before the end of January 2021. The purpose of these incentives is to support employers to build capacity and capability during the recovery, while creating high quality opportunities for individuals and equipping them with skills that are in demand.

In this guide we explain how the new incentive payments will work, and how changes to apprenticeship funding policy will impact SMEs as well as larger employers who pay the apprenticeship levy. We will also look at how businesses can maximise these incentives to ensure apprenticeship training supports their strategy for recovery and growth as they build back better following the crisis.

# The benefits of apprenticeships to business

There are many benefits to employing apprentices; 97% of employers with apprentices have experienced at least one benefit, and most can count at least 8 benefits.<sup>1</sup>

86% of employers say that apprentices help to develop relevant skills for their organisation and fill their skills gaps, while 78% have reported improved levels of productivity. Many apprentices become highly productive even before they finish their training.

## Key benefits to business



Developing skills relevant to your business



Improved productivity



Improved product or service quality



Improved ability to attract good staff



Improved staff morale



Improved staff retention



Improved company image



Bringing new ideas into the organisation

<sup>1</sup>Apprenticeships Evaluation 2017: employers, 2017, Department for Education



# Apprenticeship incentives explained

The incentive payments announced in the Chancellor's recent summer statement apply to employers with a workforce in England who recruit an apprentice between 1 August 2020 and 31 January 2021. Provided the eligibility criteria are met, there will be no limit on the number of incentive payments you can claim.

## What payments am I entitled to?

There will be two levels of payment based on age:

- £2,000 for an apprentice aged 16-24
- £1,500 for an apprentice aged 25 or over

## What are the eligibility criteria?

The eligibility criteria for these payments are as follows:

- The apprentice must be a new employee to the business
- The apprentice must have a contract of employment with a start date between 1 August 2020 and 31 January 2021 (inclusive)

- The apprentice must not have been employed by the business within the six months prior to the contract start date

## When will I receive these payments?

You can claim these incentive payments from 1 September 2020. Claims must be made through the apprenticeship service, so make sure you have an account set up. You can create one here: <https://accounts.manage-apprenticeships.service.gov.uk/service/index>

The payment will be made directly to you in two equal instalments, where the apprentice is still in learning at day 90 and day 365.

# Apprenticeship incentives explained

**Do these incentives replace the additional payments already available for young apprentices?**

No. Incentive payments are separate from - and therefore in addition to - payments that are currently available to help cover the costs associated with training a 16-18 year old apprentice, or an apprentice aged 19-24 who has previously been in care or has a Local Authority Education, Health and Care Plan (EHCP).

Employers who recruit young apprentices in one of the above categories will continue to receive £1,000 in addition to the incentive payments. This means you could be eligible to receive up to £3,000 for each new apprentice you recruit.

**What if my apprentice has prior qualifications?**

As long as the individual gains substantive new skills, and the content of the training is materially different from any previous training or apprenticeship, they can undertake an apprenticeship programme at a higher, equal or lower level than the qualification they already hold.

All prior learning will be considered when assessing eligibility, but apprentices with existing qualifications will not be excluded from the payment of incentives.





# Information for employers who pay the apprenticeship levy

If your business pays the apprenticeship levy you will already have an apprenticeship service account, and should use this to claim incentive payments for new apprentices from 1 September.

You will continue to receive a 10% government top up to funds entering your account, which can be used towards training and assessment of apprentices, however these funds cannot cover apprentice wages or travel costs.

If you wish to fund more apprentices than you are able to via the levy, the Government will co-invest 95% of the additional training and assessment costs and you will only be required to contribute the remaining 5%.

Funds will continue to expire 24 months after they enter your account, after which time they will be used to fund apprenticeship starts with non-levy paying employers or those who spend more than they have available in their apprenticeship service account.

## Maximising your levy investment

If, like many employers, you have a levy underspend, and have accumulated excess funds in your apprenticeship service account, now could be the right time to take advantage of your apprenticeship levy to build capacity and capability within your business.

# Information for employers who pay the apprenticeship levy

## Why not consider:

### Talent programmes

With school and college leavers entering the labour market for the first time under very difficult circumstances, your business has the opportunity to hire talented individuals with the motivation to learn and grow as they build the skills that they - and you - will need to succeed in the months and years ahead.

Intermediate and advanced apprenticeship programmes can help young people access the first rung of their career ladder and deliver a pipeline of talent into your business. Some may even be ready to access higher or degree apprenticeships at levels 4 and above.



### Graduate schemes

Graduates are likewise facing a difficult journey into employment as they complete their academic studies and consider their next steps. Many students leave university without relevant work experience, so the opportunity to develop vocational skills through on- and off-the-job training benefits both the employer and the employee.

Apprenticeships can support graduates – or individuals who already have some relevant experience and qualifications – to successfully build a career while enabling businesses to plug skills gaps and increase capacity and productivity.



### Transfer of funds

If you are unlikely to spend your levy allocation in full you can transfer up to 25% of unused funds to another employer. For example, you could fund apprenticeships for organisations in your supply chain or work with local, regional and sector partners, which has wider benefits for your industry and local communities.

Businesses in receipt of transferred funds will also be eligible to receive incentive payments.



# Information for non-levy paying employers

Recent changes to apprenticeship funding policy also give smaller employers the opportunity to recruit more apprentices for their business.

## Reserving funding

Even if you don't pay the apprenticeship levy you can now create an account on the apprenticeship service and reserve funding to cover the cost of apprenticeship training and assessment.

The change - which came into effect in January 2020 - is a move away from government-procured contracts, and means you have greater control and flexibility over your apprenticeship choices.

For the rest of the financial year 2020-21, the number of reservations available to you on the apprenticeship service at any given time will increase from 3 to 10, so you'll be able to access more funding for apprentices in this way.

## Small employer waiver

Although most non-levy paying employers contribute 5% towards the cost of their apprentices' training and assessment (known as co-investment), this fee is waived for businesses with fewer than 50 employees, as long as:

- Apprentices are aged 16 - 18
- Apprentices are aged 19 - 24 and have previously been in care or have a Local Authority Education, Health and Care Plan

This means the government will pay 100% of the training costs for these individuals (up to the funding band maximum), and you could receive up to £3,000 per apprentice in incentives and additional payments.





# About us

Part of the employee-owned Seetec Group, Seetec Outsource is a leading national training provider with over 35 years' experience helping businesses and individuals to unlock potential through training and apprenticeships.

Working with large and small employers across the UK we recruit and develop talented individuals who will contribute to their organisation's success. Our programmes span a broad range of roles and sectors, from business administration, finance and accounting to IT, aviation and logistics.

Offering support and guidance around the apprenticeship levy and other apprenticeship funding options, Seetec Outsource helps you get the most out of your apprenticeship investment. We design and deliver programmes tailored to your needs, ensuring the training provided supports your organisation's learning and development strategy.

Our high-quality apprenticeships and professional development programmes enable individuals of all ages to build a rewarding career – from new recruits to

sector specialists and experienced leaders. We also support individuals who are just beginning their journey into employment, through adult education and traineeship opportunities designed to give them the tools they need to achieve their goals.

Part of the Seetec Group, we're united by an ethos that puts people first and strives for the best possible outcomes. We're the 9th largest employee-owned company in the UK and the largest employee-owned business in the sectors in which we operate.

At the heart of our services are the opportunities we provide – to individuals, businesses and communities. As a certified B Corp company, we're committed to delivering social value, empowering learners to shape their futures and companies to better their business.

# Who we work with

We work with employers across the UK to deliver high quality training and apprenticeships tailored to organisational need.



# Contact us

It's easy to get in touch with Seetec Outsource.  
For more information about apprenticeships or  
to discuss the government incentives in more  
detail contact us today.

**0800 3891 999**

**[employers@seetecoutsource.co.uk](mailto:employers@seetecoutsource.co.uk)**

**[www.seetecoutsource.co.uk](http://www.seetecoutsource.co.uk)**

