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OxfordshireApprenticeships



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## Employer Factsheet #2 - Money

### Do I pay the Apprentice's salary?

Yes - an Apprentice is YOUR employee. There is a National Minimum Wage for Apprentices applicable to those aged 16-18 and for the first 12 months of their Apprenticeship for those aged 19+. From 1<sup>st</sup> October 2015 this National Minimum Wage increases to £3.30 per hour. All other Apprentices are entitled to the National Minimum Wage for their age. Most businesses pay more than the National Minimum Wage and as a result find it easier to recruit and retain a skilled, motivated workforce.

### What is the 'going rate'?

It varies between sectors. What we can say with confidence is that the majority of Apprenticeships pay above the minimum level. A good suggestion is to speak to a Training Provider about what the 'going rate' in your sector is.

### How should I decide what to pay?

There's no definitive answer but how do you decide what to pay any employee in your organisation? When setting salary rates for your vacancy, keep these things in mind;

- Market forces usually dictate that lower salaries will be less attractive to potential applicants.
- Many employers offer a 'package' to Apprentices that include things like performance-related bonuses/salary increases, meal and travel costs, discounts on goods and services etc.
- Think about your location and whether an Apprentice will need to factor in transport costs and whether this should be recognised in the wage rate.
- Think about what other employment and Apprenticeship opportunities exist in your area and how competitive your 'offer' is in comparison.

And....weigh up the value of having a skilled workforce to help your organisation grow.

### Are grants available to cover wage costs?

Not specifically, no. An Apprentice is YOUR employee, who is performing work while training. However there currently is an **Apprenticeship Grant for Employers** that companies might be eligible to receive.

### Go on then, what's the "Apprenticeship Grant for Employers"?

Commonly called the AGE grant, it's a £1,500 incentive paid to some businesses who recruit an Apprentice aged 16-24. They must have less than 50 employees and have not recruited an Apprentice in the previous 12 months. Eligible businesses can claim for up to 5 Apprentices. It's important to note not every business will be eligible and there is a 'qualifying period' of 13 weeks. This means the Apprentice must remain 'on programme' for 13 weeks from when they officially start. So do not expect a cheque right away!

#### NOTE:

At the time of writing, the AGE grant will be in place, subject to availability, until December 2015. So don't delay!



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## And that's it?

Yes, but remember that depending on your sector and the age of the Apprentice, significant amounts of government funding may be available to cover the training costs.

## What does "may be available" mean?

The government's priority group for Apprenticeships is 16-18 year olds and funding is prioritised for that group. Generally, government funding is provided as follows, with the balance made-up through employer or individual contributions;

- 16-18 Year olds - 100% of training costs
- 19-23 year olds - Up to 50% of training costs
- 24+ year olds - Some support may be available. Ask your Training Provider.

But...

You may find that funding is available for certain sectors via the relevant **Sector Skills Council** or that a **Training Provider** will reduce or even waive contributions where due. Some providers will count 'in kind' contributions such as provision of equipment or use of training room etc.

## Okay, so what does that mean for my business specifically?

As with many aspects of Apprenticeships, what it means for you specifically depends on what your business does and the age of your Apprentice. This is where ensuring you have a good training provider is crucial. Their knowledge and contacts within your sector will help you understand what it means for your business specifically. See **Employer Factsheet #3 – "Training"** on getting the right training provider.