

Bursaries for unsalaried Trainees: Guidance Notes

The DfE have suspended funding for School Direct salaried primary trainees for 21-22, which means the total cost of a salaried trainee with Teaching London would be over £30k.

Unsalariated trainees are generally eligible for a student loan to cover the tuition fees and living costs in the first instance, but schools may also want to consider other financial incentives such as paying the Trainee a bursary.

Throughout this document, the expression "bursary" means any payment which is made to a full-time trainee to meet their ordinary living costs whilst studying. It encompasses student grants, studentships, exhibitions, scholarships, stipends, living allowances and similar payments. Even rent paid directly to a trainee's landlord would fall under this heading (but is not to be encouraged). Student loans – because they are repayable – do not fall within this heading.

The essential components needed to ensure that a payment is treated as a tax-free bursary rather than as emoluments of employment are:

- the recipient must be in full-time education
- the purpose of work/study must be essentially for the student's personal benefit and academic development, rather than for the benefit of any employer or sponsor (including the School/College)
- the payment must be in the nature of a subsistence allowance, and modest in scale.

Tax exemption

In order to qualify for tax-free treatment, a bursary may be paid only to someone "receiving full-time instruction at a university college, school or other educational establishment". (Section 331, Income and Corporation Taxes Act 1988). The expression "full-time" is not statutorily defined. In most cases, the recipient would be registered for a degree/training course on a full-time basis.

Paid work

For all practical purposes, the words "full-time" can be taken to mean that at least 35 hours per week are devoted to study. The student must not receive substantial sums for paid work during term time, whether from the institution or outside. Occasional part-time or evening work will not affect the student's full-time status, provided the number of hours devoted to paid work is modest - say six hours per week, averaged over the period of the bursary award. .

Amount of the award

The purpose of the payment must be to enable the recipient to subsist whilst studying. There is no formal upper limit on the amount which may be paid as a bursary, but anything in excess of £18,500 a year (£1,542 a month) is likely to invite questions from the Inland

Revenue. This figure is equivalent to a gross taxable salary of about £24,000 a year, and begins to overlap with salaries payable to junior research staff.

Sources of Funding

Most bursaries are funded by external sponsors from earmarked funds, some academic staff have funds at their personal disposal in “staff” accounts or “research and amenities accounts”.

If the potential trainee has worked in the school previously for e.g. as a TA, the school should maintain a robust audit trail showing that the employee has left the school payroll and become a full time trainee for the 1 year SCITT course. Full time is defined as 35 hours per week. In most instances the audit trail showing a P45 has been issued will suffice but if the amount provided by the school is more than 50% of the salary they were earning before they left, HMRC might raise questions. It is, therefore, important that the School sends a letter to the student confirming that they are offering a bursary and details what the bursary is for e.g. travel, books, relief of hardship.

This material has been sourced from a range of documents dating back to 2006 and is for guidance only. Schools are advised to seek advice from HMRC and or their financial advisor, before making any decisions. Teaching London: LDBS SCITT accepts no responsibility for the accuracy of this document or consequent actions taken by others.