

Ipsos MORI  
Social Research Institute

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# **An Assessment of the Introduction of the Apprenticeship Rate**

Report for the Low Pay Commission

February 2012

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## About the Authors

**John Higton** is an Associate Director at Ipsos MORI's Social Research Institute and Head of Skills Research. Since arriving at Ipsos MORI in 2007, he has worked on a variety of research relating to the development of Apprenticeships in England and the UK for the Department of Business Innovation and Skills (BIS) and the Skills Funding Agency (SFA).

**Andy Hirst** is a Director of Cambridge Policy Consultants and has undertaken numerous studies in skills, and the employers' perspectives in training and workforce development. Andy has researched Apprenticeship delivery in Scotland and led research on Expanding Apprenticeships in the private and public sector in England.

**Dr Rebecca Klahr** is a Research Director at Ipsos MORI's Social Research Institute. She has worked on a range of recent research projects relating to skills for government Departments such as BIS and the UK Commission for Employment and Skills (UKCES).

**Morgane Lefaucheu** is an experienced researcher at Cambridge Policy Consultants and has undertaken fieldwork on a wide range of skills initiatives including Apprenticeships, small business training programmes, workforce development programmes and Investors in People.

**Cheryl Salmon** is a Research Executive at Ipsos MORI's Social Research Institute. Cheryl has worked on a variety of projects which centre on employment, welfare and skills, for a range of clients.

# **Executive Summary**

# Executive Summary

The National Minimum Wage Rate for Apprentices (the “Apprentice Rate”) aims to strike a balance between a minimum wage level that prevents the financial exploitation of Apprentices and wage costs not being so high that they reduce young peoples’ training and employment opportunities.

At the time of this research, the Apprentice Rate for the under-19 age group was £2.50 per hour gross i.e. before tax and national insurance. For those aged 19 or above, this rate applied for the first year of their study after which they were entitled to the appropriate NMW age rate: £4.92 for those aged 19 to 20 and £5.93 for those aged 21 or older.

The LPC commissioned this research to assess the impact of the introduction of the Apprentice Rate, particularly its effect on take-up, provision of training places and the distribution of Apprentice pay. The focus of the qualitative aspects of this research was primarily on sectors that had been identified in previous LPC reports as low-paying: Early Years, hospitality and leisure, retail, health and social care and hairdressing. Construction and engineering sectors were also included in our discussions as they traditionally pay much higher Apprenticeship wages and offered a counterpoint to see if the factors determining Apprenticeship wage rates in these sectors differed.

## Methodology

In order to meet the aims and objectives, four main strands of research were commissioned:

- Literature review and Management Information (MI) analysis. The literature review built on that contained in the 2010 Low Pay Commission Report<sup>1</sup> with more recent research evidence on the factors influencing employers’ setting wages for Apprentices and how income levels influence the choice of young people in choosing their learning options.
- Qualitative in-depth interviews with stakeholders (national programme officers and leading training providers). These discussions in England, Northern Ireland, Scotland and Wales explored perceptions of the impact of the introduction of the Apprentice Rate, how this had been communicated to training providers, employers and Apprentices, and whether stakeholders had themselves become aware of any issues in the take up or completion of Apprenticeships as a result.
- A telephone survey of 500 employers with Apprentices. The purpose of the survey was to collect some quantitative data on Apprentice’s pay and working hours and to measure employers’ perceptions and attitudes towards a range of aspects of the Apprentice Rate of the National Minimum Wage; and
- Group discussions with Apprentices These discussions were intended to provide an opportunity to research any particular issues identified in discussions with national administrations or training providers with Apprentices themselves. In total six group discussions were completed, two in England (Early years and Hairdressing) and Scotland (Early Years and Construction) and one each in Wales (Engineering and Construction) and Northern Ireland (Hairdressing and Beauty therapy).

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<sup>1</sup> National Minimum Wage, Low Pay Commission Report, 2010, pp157-158

## Review of Existing Evidence

There is still a limited set of evidence on the relationship between the level of wages and the number of Apprenticeships offered by employers. The newer sources we have reviewed reinforce the central conclusions from the previous LPC review of the literature that:

- Young people are willing to trade off current wages for learning and experience that will provide better career prospects in future. They are most often concerned that there is a wage and often take what they might earn elsewhere as a reference.
- Employers value Apprenticeships as a mechanism for developing staff, and their demand is conditioned by business needs. Paying a wage that will ensure Apprentices progress and complete their training is important but business needs – the expected level of future product/service demand – dominate their calculation of how many Apprentices to recruit.

## Findings from the Qualitative Discussions

The vast majority of national teams and training providers viewed the introduction of the Apprentice Rate as a positive step. No national programme officer nor training provider could recall any employer reporting that they were going to offer fewer Apprenticeships following the introduction of the Apprentice Rate. The overwhelming majority felt that the recession and the continuing uncertainty surrounding the recovery were the major factors in any reduction in Apprenticeship starts.

The introduction of the Apprentice Rate, close to the previous contractual minimum rate in England of £95 per week, meant that there was little change for employers in low-paying sectors. Where respondents did voice any concerns, it was because they felt employers should pay the rate for the job or the age-specific minimum wage rate. In many cases, Apprentices were earning well above minimum wage rates and the Apprentice Rate had no impact.

Many training providers were asked by employers for advice on rates of pay. Their typical responses were very consistent:

- That employers should pay the rate for the job;
- That they should consider how to build progression into pay rates over the term of the Apprenticeship and possibly include bonus payments on completion; and,
- That they conform to Minimum Wage Legislation.

Very few providers would specify a particular wage rate – they often felt that this was rightly the responsibility of the employer and advised them to set a rate in relation to their own pay scales.

Just one training provider reported that some employers in hairdressing had reduced the weekly wages of Apprentices (against the guidance issued by the National Apprenticeship Service) as they typically worked 30-35 hours per week. Set against this, other providers in the childcare sector report that Apprentices had their weekly wages increased to £100 to reflect the 40 hours they were required to work.

Demand from young people was considered to be very high indeed. The recession has made a significant difference to the alternatives available to young people. Some providers also felt that there had been something of a turnaround in attitudes to the 'academic route' as it was going to be more expensive and parents were also more aware that success in

qualifications does not in itself guarantee a job at the end of the process. In the longer term the introduction of the Apprentice Rate would help provide young people with a minimum standard of pay. Discussions with Apprentices themselves suggest that the introduction of the Apprentice Rate was broadly neutral. For many, the rate has not changed their weekly pay.

## Key results from Quantitative Survey

The absence of profile data describing the UK Apprentice employer population made it difficult to assess whether the survey was representative. Based on publically available contextual data, the survey did appear to include some bias, especially by the Apprentice frameworks offered by employers

On average UK employers paid Apprentices a minimum of £5.41 per hour, and median minimum pay was £5.93. However five per cent paid their Apprentices less than the Apprentice Rate of £2.50.

The introduction of the Apprentice Rate had minimal impact on UK employers' decisions to offer Apprenticeship places. One in eight (12%) employers offering Apprenticeships after September 2010 disagreed that the rate "made no change" to their Apprenticeship offer. Of the 77 UK employers who no longer offered Apprenticeships, 15% agreed the introduction of the rate "was the main reason for their decision not to offer Apprenticeship training". Furthermore, employers that had either increased or reduced their intake of Apprentices over the last year provided a wide variety of reasons for doing so, of which the Rate typically played a minor part.

Overall, the data showed employers who took part in the survey were more "established" than UK businesses overall, meaning the survey cohort had typically been operating for a longer period than UK data would suggest on average.

Three in five UK employers (58%) took on up to four Apprentices in the last year. However, a quarter (24%) had not taken on any new Apprentices in the last 12 months. This increased to three in ten (29%) of employers in Non-Low Pay Sectors. One in five (19%) employers operating in Low Pay Sectors had not taken on new Apprentices in the last 12 months.

Employers said almost half of Apprentices worked and trained between 31 and 42 hours per week: the average number of contracted hours was 34 per week. Nearly half (45%) of employers said their Apprenticeship training lasted for one year or less.

Ninety-five per cent of UK employers said Apprentices took part in on-the-job training. On average they spent 14.7 hours per week on this. Fewer employers (69%) said Apprentices took part in off-the-job training, and they also spent fewer hours on average on this training at 6 hours per week.

Seven in ten (69%) UK Apprentice employers said they were aware of the Apprentice Rate prior to the survey. The main source of information about the Apprentice Rate cited by aware employers was training and learning providers (26%).

Based on the data, UK employers tended to feel the introduction of the Apprentice Rate had led to increased demand for Apprenticeships from prospective learners, although this view was not universal amongst all (37% agreed and 29% disagreed). There appeared to be some national differences, with Scottish employers statistically less likely to say that demand from young people had increased in the last 12 months compared to English employers (25% in Scotland citing an increase versus 36% in England).

# Introduction

# Introduction

## Policy Context

Paying less than the going wage rate for a fully qualified worker while an Apprentice receives training is a long-standing feature of an Apprenticeship. Furthermore, the Low Pay Commission<sup>2</sup> recognises evidence that shows young people are under greater threat of unemployment, so a lower minimum wage for this age group helps them access a broader range of training opportunities that may not exist if minimum wages were higher.

The purpose of the National Minimum Wage Rate for Apprentices (hereafter referred to as the “Apprentice Rate”) is to provide a minimum wage level to prevent the financial exploitation of Apprentices, whilst not being so high as to reduce their training and employment opportunities.

While it is clear from official figures that most Apprentices are adults, there is variation by country. Table 1 illustrates how the structure of the Apprentice workforce in each Devolved Administration is different. Taking Scotland as an example, the age profile is much younger than other UK nations, especially compared to Northern Ireland and Wales. This is one reflection of the impact of different policy approaches for Apprenticeships in each nation and has some bearing on the findings of this research.

**Table 1: The age of Apprentices in learning in the UK, 2011 mid-year snapshots**

	<b>England</b>	<b>Wales</b>	<b>Scotland</b>	<b>Northern Ireland</b>
<i>Base: All Apprentices</i>	(471,438) %	(23,485) %	(34,365) %	(10,577) %
Under 19 years of age	33	23	54	19
19 to 24 years of age	41	26	21	31
25+ years of age	26	51	25	50

*Sources: England – Individualised Learner Record 2011 P8 (April); Wales – Lifelong Learning Record for Wales March 2011; Scotland – Corporate Training System Record, April 2011; Northern Ireland Client Management System at April 2011*

<sup>2</sup> Low Pay Commission (2011) National Minimum Wage. Accessed 11/08/2011: [http://www.lowpay.gov.uk/lowpay/report/pdf/Revised\\_Report\\_PDF\\_with\\_April\\_date.PDF](http://www.lowpay.gov.uk/lowpay/report/pdf/Revised_Report_PDF_with_April_date.PDF), p.67

## The Operation of the Apprenticeship Pay Rate

At the time of this research, the Apprentice Rate for the under-19 age group was £2.50 per hour gross i.e. before tax and national insurance. For those aged 19 or above, this rate applied for the first year of their study after which they were entitled to the appropriate National Minimum Wage age rate: £4.92 for those aged 19 to 20 and £5.93 for those aged 21 or older.

There are, however, other factors to take into account when calculating pay. In 2009, the law changed so that tips, gratuities, service charges and cover charges could no longer be included in the National Minimum Wage. However, incentives such as commissions or performance related pay do count, as do bonuses, although specific rules apply<sup>3</sup>.

Similarly, there are very few deductions that can be made by employers against National Minimum Wage rates for benefits-in-kind. Living accommodation is the only deduction that can be made from wages and, at the time of the survey, this had a maximum offset of £4.61 per day to a maximum of £32.27 a week as a condition for occupying the accommodation<sup>4</sup>. Other benefits such as fuel, meals, medical insurance, childcare, etc cannot be deducted from wages by the employer if this takes the wage below the National Minimum Wage. Such benefits can though be paid voluntarily by employees by cash or cheque but must not be deducted directly from wages.

The potential for complexity of arrangements is an important area to consider in this report. Ipsos MORI has completed other research for BIS on Apprentice's compliance with the National Minimum Wage<sup>5</sup> and one of the key reasons for non-compliance is employers misunderstanding the rules. Some caution is therefore required in a survey where employers are asked to self-report the amount they pay towards the National Minimum Wage, especially as qualitative evidence suggests the Apprentice Rate is one area which raises issues of non-compliance for employers.

## Aims and Objectives

The Low Pay Commission commissioned this research to assess the impact of the introduction of the Apprentice Rate, particularly its effect on take-up, and provision, of training places and the distribution of Apprentice pay. The original research objectives are set out below. However the suitability of the research audience (employers) in answering objectives 1 to 3 regarding Apprentice pay, within the limited sample sizes, was discussed at the outset. In particular, parallel research with over 11,000 Apprentices across all UK nations was conducted by Ipsos MORI for the Department for Business Innovation and Skills (BIS) at the same time as the Computer Assisted Telephone Interviewing (CATI) stage of this research. During the inception phase, it was agreed that the BIS Apprentice pay research<sup>6</sup> would provide more accurate reporting on gross pay and its variation across different UK nations and Apprentice demographics. We do present some analysis of these issues within this report although with limited detail. The original research objectives were to:

1. Present an analysis of gross pay for Apprentices;
2. Analyse how Apprentice pay differs across the countries of the UK and assess whether this has been affected by the Apprentice Rate;

<sup>3</sup> Some explanation of the rules governing National Minimum Wage payments can be found on the Business Link website, accessed 12/08/2011:

<http://www.businesslink.gov.uk/bdotg/action/detail?itemId=1081676675&r.i1=1073858787&r.i2=1084822773&r.i3=1081657912&r.i4=1081658545&r.s=sc&type=RESOURCES>

<sup>4</sup> From 1<sup>st</sup> October 2011, the offset increased to £4.73 per day / £33.11 per week

<sup>5</sup> Ipsos MORI (awaiting publication), Employers views on compliance with the National Minimum Wage, BIS.

<sup>6</sup> Ibid.

3. Analyse how Apprentice pay differs by age and year of Apprenticeship and whether this has been affected by the Apprentice Rate;
4. Evaluate the impact of the Apprentice Rate on provision and take-up of Apprenticeships;
5. Differentiate between employed Apprentices and those who are college-based. The Apprentice Rate covers employed Apprentices only;
6. Determine the importance of the level of wages offered in provision, take-up and completion of Apprenticeships;
7. Determine the importance of the structure of wages, such as weekly or hourly pay and bonuses for completion of specified stages, in the provision, take-up and completion of Apprenticeships;
8. Identify what other factors are important in making these decisions, and which predominate;
9. Assess whether these factors vary across different groups of young people, for example by sex, ethnic origin, level of qualification or family circumstances; and
10. Investigate the influence of pay on young people's choices of education, Apprenticeship, training and/or work.

The extent to which these objectives were met differs. Furthermore, some objectives were more suited to either the qualitative or quantitative phases (described in more detail in the methodology section).

Overall, the quantitative survey instruments were designed to primarily collect factual data **from employers** on actual levels of pay and hours as well as some data on the opinions and attitudes they held on the impact the Apprentice Rate had on provision and demand. Cross analysis of the data was undertaken based on several criteria such as the main Apprentice framework<sup>7</sup> offered, the levels of wages paid, structure of employment and the industrial sector in which that business operated. Considering the fifth objective, questions to employers were only asked about employed Apprentices within the quantitative survey.

The qualitative research audiences were different as data was collected from stakeholders and Apprentices themselves. This allowed some direct evidence to be collected on the impact of the Rate on those directly affected as well as providing a “supply-side” perspective of the main issues. Whilst some anecdotal evidence is presented in relation to Objective 9, quantitative evidence on actual pay levels and work hours can be found in the 2011 Apprentice Pay survey commissioned by BIS<sup>8</sup>.

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<sup>7</sup> “Framework” refers to the content of an Apprenticeship. The framework describes the range of skills in which the Apprentice becomes competent which lead towards the final qualification. It also lists the technical abilities that an Apprentice must develop over their training and a range of relevant key skills which are essential to working in a specific trade or occupation.

<sup>8</sup> Expected to be published in March 2012.

# Methodology

In order to meet the aims and objectives, four main strands of research were commissioned.

- Literature review and Management Information (MI) analysis;
- Qualitative in-depth interviews with stakeholders (national programme officers and leading training providers);
- A telephone survey of employers with Apprentices; and
- Group discussions with Apprentices.

Each of these strands considered a different range of objectives.

## Literature Review

The literature review set out to build on the research review contained in the 2010 Low Pay Commission Report<sup>9</sup> to explore any more recent research evidence on the factors influencing employers' setting wages for Apprentices and how income levels influence the choice of young people in choosing their learning options. This would help both the discussions with national programme and training providers and the content of the employer questionnaire.

## In-Depth Interviews with Stakeholders and Apprentices

To help inform the survey of employers and understand the context in which the Apprentice Rate was introduced we carried out a number of in-depth interviews with key stakeholders in Apprenticeship delivery teams in each nation. These discussions with national programme officers in England, Northern Ireland, Scotland and Wales explored the team's perceptions of the impact of the introduction of the Apprentice Rate, how this had been communicated to training providers, employers and Apprentices and whether they had themselves become aware of any issues in the take up or completion of Apprenticeships as a result. Discussions with national teams covered all Apprenticeship frameworks but with a focus on those sectors identified in our brief that are particularly cost-conscious and typically pay lower wages – Early Years, Hairdressing, Hospitality, Leisure, Retail, Social Care – as well as construction and engineering as examples of two sectors that traditionally pay Apprentices at higher rates.

Discussions with training providers were intended to provide a particular perspective on the 'market' for Apprenticeships across the key sectors and tap into providers' frontline experience, to explore whether the Apprentice Rate had made a difference to terms and conditions for Apprentices, and the subsequent impact on take-up and any evidence on completion rates to date. The intention was to undertake group discussions with training providers but in practice we supplemented these with telephone discussions with individual providers in order to ensure sufficient coverage of the key sectors. A total of 26 training providers were interviewed.

Discussions were held with Apprentices on particular frameworks across the nations. There have been a number of studies into young peoples' perspectives of learning and earning over recent years and the BIS Apprentice Pay Survey was being completed at the same time as this research work. The group discussions were intended to provide an opportunity to research any particular issues identified in meetings with national administrations, training providers or with Apprentices themselves. In total six group discussions were completed,

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<sup>9</sup> National Minimum Wage, Low Pay Commission Report, 2010, pp157-158.

two in England (Early Years and Hairdressing) and Scotland (Early Years and Construction) and one each in Wales (Engineering and Construction) and Northern Ireland (Hairdressing and Beauty therapy).

## Telephone Survey of Apprentice Employers

### Data Collection

In order to collect quantitative evidence on the impact of the Apprentice Rate, a survey of UK employers was commissioned. In particular, emphasis for the survey was placed on *impact* with the collection of detailed pay data dropped from the quantitative survey instrument, although a measure for gross pay was retained.

Computer Assisted Telephone Interviewing (CATI) was used as the data collection method in England, Scotland and Wales. More details on the CATI process is provided in the Appendix.

CATI does require access to a suitable sample frame. In the case of Northern Ireland, no central database of Apprentice employers exists; instead the data is distributed across some 50 learning providers within the country. The Northern Ireland department responsible for Apprentices was also unable to collate employer details together from providers due to the timescales and it also cited data protection constraints. It was therefore agreed to administer an online survey to employers in Northern Ireland. An outline of the aims of the survey was sent to providers who then forwarded an invite to take part to the employers on their database. Although, this method is far from ideal, due to the practical constraints, such as the lack of a central database of employers with Apprentices, it represented the best way to collect data within the budget and timescale of the project. Although, even with a larger budget, the constraint of no central data base of Apprentice employers would have remained.

A questionnaire was agreed between Ipsos MORI and the Low Pay Commission, which was then “scripted” for use by the interviewer.

All employers were informed that someone may call them via a letter prior to fieldwork starting. The purpose of this letter was two-fold. Firstly, it meant that interviewers were not “cold-calling” those selected to take part which typically has the effect of improving the cooperation rate of the survey. Secondly, it allowed employers to opt-out (or opt-in) if they wished, although the letter was not worded in a way to formally invite employers to opt-out.

Ipsos MORI completed a number of quality checks during fieldwork as outlined in the Appendix.

### Sampling

The sample frame of employers developed for this survey differed by country because of the way employer information is held in each nation. For that reason, we consider each country in turn, then sum up with an overall view of the sampling approach. One common feature of all GB samples was that employer details were duplicated in each dataset. This is because the primary data source in all cases was a *learner* record which included either an employer identifier or the employer’s name. As the relationship between employer to learner was one-to-many (one employer could have numerous Apprentices), all sampling methods included a procedure to remove duplicates.

Employer sample frames categorise businesses in one of two ways: by establishment or enterprise. Establishment refers to the branch of a given business, for example a high street branch of a bank or a specific factory of a multisite manufacturing company. Enterprise refers to the business as a whole such as all of the branches of a bank and the HQ combined or all factories forming part of a manufacturing company. Establishment or workplace was

used as the primary sampling unit for this survey because this is usually how the data is held. Learning providers typically work with local branches rather than head offices, so the employer contact details held will be at the establishment level where this is relevant.

## England

Employer details were derived from the Employer Data Service (EDS), which holds contact records for employers training learners using public funds. In order to only select those employing Apprentices, the Individualised Learner Record (ILR) was used to identify Apprentices. The ILR includes an employer ID field which links to the EDS dataset. Employer records were therefore drawn from EDS and securely sent to Ipsos MORI alongside some detail on the Apprentices they employed such as their framework, level of study and method of delivery.

Ipsos MORI then removed duplicated employers and stratified the data by programme type (level of Apprenticeship), framework (course) and postcode. In the case of framework, some employers offer more than one, so a random selection was initially taken during the sampling phase. In total, 109,299 unique records were drawn for employers employing Apprentices (as opposed to being programme-led i.e. not employed during their training). Of these, 97,541 had a valid postcode and telephone number, equating to an 89% match rate. 3,000 records were drawn from this data set using a random seed number and drawing 1 in every 33 records. All of these 3,000 employers were sent a letter informing them that they may be contacted as part of the research.

## Scotland

The only difference to this process in Scotland is that all available employer details are held on the same data set (the Corporate Training System, or CTS) as the learner details. Therefore, the full CTS data was securely sent to Ipsos MORI and the same duplication and stratification process followed.

As no telephone number was present in the Scottish data, telephone tracing was carried out. Of the 11,738 unique employers identified in Scotland, 52% could be matched to a number. This left 6,100 useable records from which 1,000 were randomly selected as a sample frame. Again, all 1,000 of the selected employers were sent a letter informing them that they may be contacted as part of the survey.

## Wales

The employer data available for Wales was extremely limited comprising solely of a postcode and an open text field recording the employer's name appended to the learner record. This meant that the same company may have a slightly different name recorded in the field. The initial removal of duplicates was carried out by learner and employer postcode which returned 6,823 unique records. These were then telephone- and address-traced resulting in a useable sample of 1,103 records. Rather than select 1 in n to create a sample frame of 1,000 employers for mail out, all of the returned sample of 1,103 were contacted with the invitation letter.

## Northern Ireland

The Department for Employment and Learning Northern Ireland (DELNI) do not have a central database of Apprentice employers so managed the contact procedures themselves. This meant a CATI survey with Northern Ireland employers was not possible within the budget because, as described above, access to a sample with telephone numbers is essential for CATI. Whilst it would be technically possible to run a survey with employers by

screening out those who do not offer Apprenticeships, the proportion of eligible employers in Northern Ireland is low (as it is in Great Britain), making this option prohibitively expensive. Given that DELNI manage their providers through email and that many providers had email contacts for the employers they managed, an online survey was agreed with DELNI.

Ipsos MORI agreed the wording of two contact emails; one for providers and a subsequent email for employers. DELNI officials initially contacted providers to inform them that the survey was taking place and asked them for their co-operation. The agreed email was then sent by DELNI to providers along with a copy of the employers' email. Providers were asked to forward this email to all employers on their database. Within the body of this email, an open link to a web version of the survey was provided along with a written request to take part. Like the CATI survey, this questionnaire was scripted from a revised original (to take into account the different mode of data collection) and tested by the research team. Data processing was automatic as it was managed by the online script and the data collected was stored directly into a computer file.

Because the survey was open, meaning a survey url was given to an employer that was not unique to them<sup>10</sup>, the sample could not be actively managed. This meant that reminders could not be sent only to those employers that did not to respond to the survey after the first request. Neither could employers be allowed within the script to complete the survey only once.

Another difference between this method and CATI is that a web-based interview is self-completed by the respondent rather than interviewer-led. This has several implications for the survey as a whole. The different modes of data collection mean that the data is not truly comparable. For example, "don't know" options do not have to be read out during an interviewer-led interview whereas the option has to be explicitly shown during a self-completion interview. This can lead to much higher incidences of "don't know" responses in self completion surveys. Furthermore, the questions themselves sometimes need to differ because those read out by interviewers do not always make grammatical sense when replicated for a self-completion survey. Whilst these issues are not insurmountable and can be mitigated in part by the questionnaire design, they are important considerations when analysing the data as a UK whole.

It is also not possible to set control quotas in self-completion surveys. This can lead to issues with bias especially in cases like this in which the research audience is removed from the agency asking them to take part. Not all providers sent invites to employers, so this led to greater than usual problems with coverage bias. This is because there may be differences between the providers that did and did not send invites such as the frameworks of Apprenticeships offered or the types of employers they work with. In addition differences may also exist between employers who chose to respond compared to those who chose not to.

Providers told Ipsos MORI the number of invites that they sent to take part in the survey. Overall, 7 providers told us they had sent 2,204 emails to employers. The only co-operation rate that can be quoted is an unadjusted figure based on the number of responses divided by the total emails known to be sent out. No information was provided by employers describing the number of leads that did not work i.e. through bounce back emails received. In total, 41 completed surveys were received, meaning the unadjusted cooperation rate was 2%.

## Research Limitations

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<sup>10</sup> If a sample is available to the research company, then that sample can be used to assign a unique web address to that employer. By looking at which unique IDs have completed a survey, the sample can be managed more effectively, ensuring a respondent can only complete the survey once. This was not possible in this instance because no sample was available for Ipsos MORI to use in this way.

For the quantitative survey, the paucity of firmographic data in the sample (size of business, sector, turnover, etc) causes some issues when using the returned data. Principally, there is no way to account for and therefore correct any inherent bias in the data and no population profile for corrective weights to be applied to the survey findings. As such, the survey represents a self-selecting group of employers and the findings should be considered in this light. Strictly, the results should not be used to make overall judgements about the full population of Apprentice employers and the findings are only representative of those employers who took part in the survey.

With this in mind, the quantitative findings have, where possible, been contextualised using external, publically available data and prior research. The qualitative work also helps to place the survey findings in a broader context and, in the main, the findings appear consistent with the available external data. Some limited cross-tabulation has been undertaken, but strong caveats should be placed on these findings. A good example of this is any analysis by framework where, in all cases, cell sizes are less than 100. Any commentary by framework is limited to the three frameworks having a cell size of 70 or above, namely 'Business Administration' (71), 'Health & Social Care' (81) and 'Children's Care, Learning & Development' (84). This choice is arbitrary and based on a step difference between these frameworks and the next largest (Hospitality & Catering) in which 56 employers were interviewed. Technically, a cell size of 100 is the statistical minimum required for cross tabulation in sample surveys representing large populations. However, the Low Pay Commission was keen to include some analysis by framework, so the three largest frameworks were chosen. Ipsos MORI recommend that caution should be applied to this cross analysis by framework. Overall, the quantitative survey should be read by considering broad themes and general magnitudes in the results.

These limitations govern the initial structure of the report in which the participant audience is first discussed. The full structure of the report is provided below.

## Report Structure

In most cases, the report discusses the qualitative and quantitative data together within the chapters. The headings follow the main themes of the research overall.

- The first chapter covers the findings of the Literature review and Management Information (MI) analysis;
- The second chapter discusses the profile of employers taking part in the quantitative survey;
- The report then moves on to discuss three main themes: the demand for Apprenticeships amongst employers; Apprentices' pay and conditions; and the economic impact of the Apprentice Rate on employers;
- A set of Appendices are also included.

# Literature review

## Literature review

The Low Pay Commission annual reports in 2009 and 2010 identified a number of studies that had considered the degree to which Apprentice wage costs were significant in the employers' decision to recruit an Apprentice and how Apprentice wage levels affect the participation of young people. This review starts from the two principle conclusions:

- That average wages vary considerably across age, levels, year of study and sector with employers in different sectors reporting very different payback periods from their investment in Apprenticeships;
- That young Apprentices do indeed trade-off lower Apprentice wages in the short term against higher wages and improved employment prospects in the longer term; but,
- That the factors that influence young people's decision on taking up apprenticeships and completing their training are complex. Most young people report that they simply want to work in that career but family advice and guidance also play a major role.<sup>11</sup> The same research found that it was the existence of a wage rather than its level per se that was important to young people, many taking the Education Maintenance Allowance as a point of reference.

Other quantitative research supports the view that young people consider Apprenticeships as something of a 'package' deal. A survey of 1,019 Apprentices found that when asked what appealed to them about their choice only 6% reported that it was a chance to earn more money compared to 54% who valued the qualification and the career prospects that came with it and the 42% who said it was an opportunity to combine learning with earning<sup>12</sup>. An evaluation of the Apprenticeship Vacancies System, similarly found that young people interested in applying for Apprenticeships were not put off by the pay rates on offer – *"when asked how important ten factors were when deciding which Apprenticeship vacancy to apply for, the 'weekly wage' was the eighth most important factor"*<sup>13</sup>.

Wage rates are not entirely immaterial, 11% of those who had dropped out of their Apprenticeship (just over 1% of all Apprentices) reported that this was because of low pay and when asked if anything could have been done to encourage them to complete their Apprenticeship many suggested an increase in pay or help with transport and other costs of participation.<sup>14</sup> More recently, an evaluation of the Apprentice Grant for Employers found that 17% of those who left their Apprenticeship without completing did so because the wage was too low<sup>15</sup>.

Most employers structure some progression into their wages for Apprentices. This is strongly supported by training providers who prefer to see terms and conditions improve for Apprentices as they gain skills and experience as this supports continued participation and completion rates. The analysis of Apprentice Terms and Conditions<sup>16</sup> surveyed employers and found that Apprentices *"that appear to have the highest average levels of apprenticeship salaries, also appear to have the highest average retention rates, post-training"*<sup>17</sup>.

<sup>11</sup> Lawton, K and Norris, E. A Qualitative Study of Apprenticeship Pay, Research Report for The Low Pay Commission, January 2010.

<sup>12</sup> Ipsos MORI and CPC, Research into Increasing apprenticeships in the Public Sector. Learning and Skills Council, November 2008.

<sup>13</sup> Evaluation of the Apprenticeship Vacancies System, LSC and NAS, November 2010, p36.

<sup>14</sup> Ibid, p20.

<sup>15</sup> An evaluation of the Apprentice Grant for Employers (AGE) programme, National Apprenticeship Service, May 2011, p38.

<sup>16</sup> Apprentice Pay and Conditions, Report for the TUC and Unionlearn, February 2011.

<sup>17</sup> Ibid p12.

Although the report acknowledges that this relationship is weak in some sectors, we think that this is because the analysis makes no distinction between the age of Apprentices – older Apprentices tend to be those already employed when commencing an Apprenticeship and consequently experience lower increases in wages when compared to 16 year olds starting out on a traditional framework such as Engineering or Construction<sup>18</sup>.

The same research reported that private sector employers pay Apprentices some 17% more than the public sector at an average of £13,351 compared to £11,433. This is explained in part by:

- Differences in the nature of training undertaken, with the public sector tending to train more Apprentices in lower-paying sectors with shorter average durations. The report notes that growth in Apprenticeships in the public sector has been in business administration, health, public services and care which tend to have lower wages on average;
- Other research based on an older dataset found that Apprentice pay ranges between 44-70% of the skilled worker pay<sup>19</sup>. This research found that longer more traditional frameworks tended to increase Apprentice wages significantly, compared to service sector frameworks such as retail and hospitality which tend to train existing employees rather than recruit new employees to the Apprenticeship; and,
- As can be seen in the chart below, average final salary is much larger in the private sector and probably reflects the presence of high-paying occupations such as in the traditional frameworks in engineering and construction-related trades.

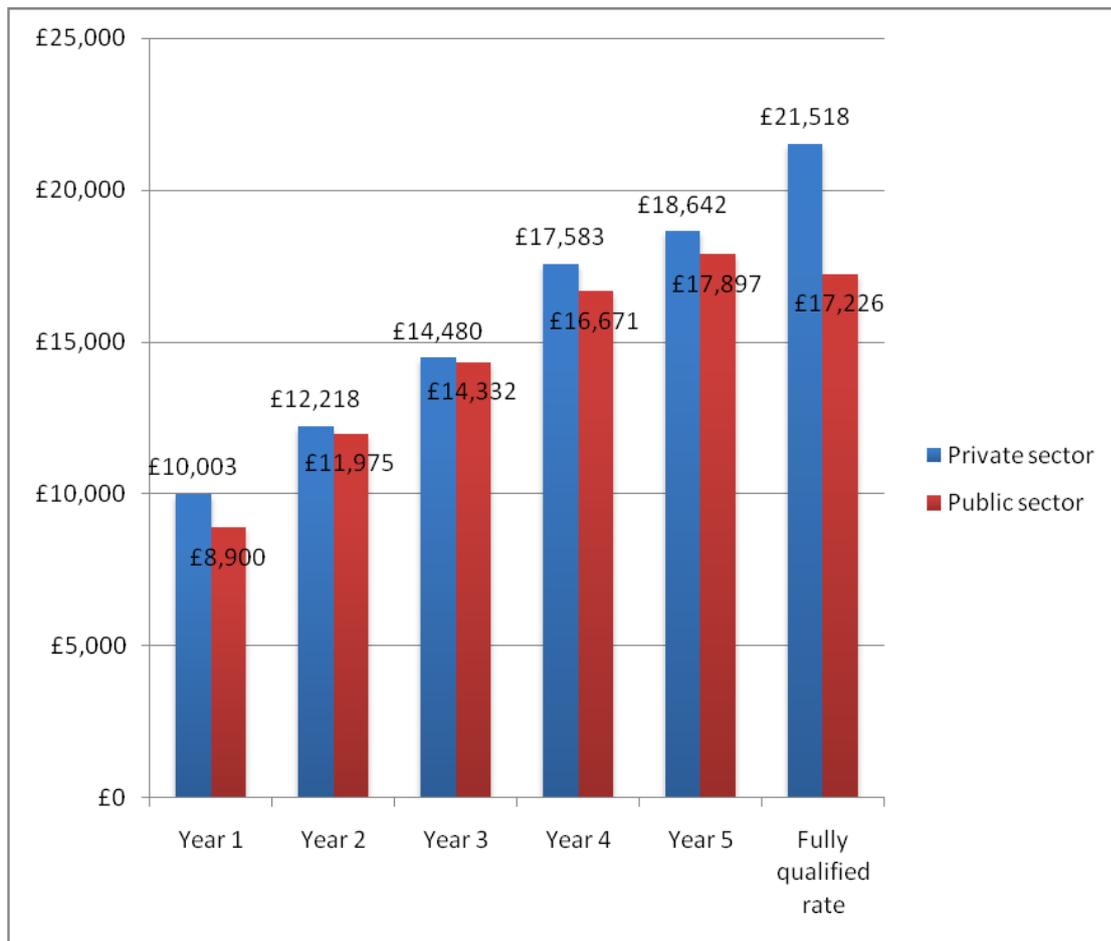
The report also notes that there was some anecdotal evidence that public sector employers were more likely to follow National Apprenticeship Service guidelines and therefore pay tended to be lower on average (in the region of £95 per week).

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<sup>18</sup> See Section 3.2 pp29-36 for an analysis of unmatched wage progression on Apprenticeships in the survey.

<sup>19</sup> Hilary Steedman, The State of Apprenticeship in 2010, International Comparisons. Centre for Economic Performance for the Apprenticeship Ambassadors Network, August 2010, p 17.

**Chart 1: Average salary levels for Apprentices in public and private sector employers**



Source: Chart 10, *Apprentice Terms and Conditions*, TUC and Unionlearn, 2011, p25.

Research into Increasing Apprenticeships in the Public Sector<sup>20</sup> supports this analysis:

- A number of local authorities were using Section 106 payments<sup>21</sup> made by developers to part fund the wage costs of Apprentices recruited from deprived areas or priority groups (something which has become more difficult since the recession in construction);
- Lack of funding was cited by almost one in five employers who had employed Apprentices in the past but no longer did so and almost one in ten of those who had never recruited an Apprentice. It was particularly an issue for employers in the health sector (around a third of health organisations cited the ability to fund Apprentice wages as a reason for ceasing to participate). Case-studies pointed towards the Agenda for Change to explain this fact: Agenda for Change is the single pay system in operation in the NHS, introduced in 2004. Annex U requires that the employer provides a higher level of remuneration than the minimum weekly apprentice rate<sup>22</sup>.

<sup>20</sup> Ipsos MORI and CPC, *Research into increasing apprenticeships in the Public Sector*. Learning and Skills Council, November 2008.

<sup>21</sup> Section 106 of the Town and Country Planning Act 1990 allows a local planning authority (LPA) to enter into a legally-binding agreement or planning obligation with a landowner in association with the granting of planning permission.

<sup>22</sup> Annex U of the NHS Terms and Conditions of Service Handbook contains the arrangements for remuneration of specialist trainees in public health under the *Agenda for Change* agreement. In effect, Annex U determines that NHS Apprentice wages be set as a proportion of the pay of fully qualified staff. The actual level of pay depends on the job role and length of training but is generally accepted to be well in excess of the Apprenticeship Rate.

Although more recently, this may have changed, as many NHS Trusts were reported as paying the Apprentice Rate instead of Annex U rates<sup>23</sup>.

Recent analysis of the youth labour market also suggest that some long-standing problems are impacting on the labour market chances of those under 18 with or without the benefit of an Apprenticeship. The Wolf Review reported that compared to their equivalents born in 1958 who were 18 in 1976, young people turning 18 in 2009 were almost half as likely to be employed (40% in 2009 compared to 74% in 1976)<sup>24</sup>. The review quotes research by Tomlinson that reports employers as having low expectations of those who leave education at 16/17<sup>25</sup>. This is compounded by Health and Safety regulation *“Most employers interviewed for this Review also confirmed their reluctance to take on 16 and 17 year olds as apprentices, citing health and safety concerns ...”*<sup>26</sup>

Research into expanding Apprenticeships surveying 3,000 employers found that *“There is a perception among many employers that young people are not always ready to settle down to work on leaving school. Three-quarters of employers that had recruited in the previous three years had not recruited a 16- to 17-year-old, and half had not recruited anyone under 25.”*<sup>27</sup> Future business prospects were given as the main factor that would determine the recruitment of more apprentices in the future (46%). The costs of participation were a concern for around a fifth of participating firms, while a similar proportion indicated that nothing would encourage them to take on additional apprentices.<sup>28</sup>

Further research focusing on employers in London<sup>29</sup>, reinforced the importance of business prospects in determining the recruitment of Apprentices but also found some qualitative evidence that employers were more likely to recruit already skilled workers in circumstances where their future workload was uncertain. If they felt that they had experienced a step change in demand and this was stable, then they preferred to recruit an Apprentice.

The impact of the recession on Apprenticeship starts is reported to have been significant. A review of evidence suggests that Apprenticeship starts are pro-cyclical whereas other workplace learning is counter-cyclical, perhaps reflecting the additional costs of off-the-job training that are not necessarily present with existing employees<sup>30</sup>. More recent research estimates that the impact of the recession on Apprenticeship starts was substantial: *“the estimated number of young people [defined as between 16 and 24] reporting that they were doing an apprenticeship fell from 191,000 in Q1 2009 to 140,000 in Q1 2010.”*<sup>31</sup> The number of Apprenticeship starts has continued to grow but this has been due to over 25s mostly in non-traditional sectors and typically following shorter courses<sup>32</sup>.

Analysis of Apprentice pay rates in other countries<sup>33, 34</sup> have highlighted that compared to the situation in England, Apprenticeships in other countries play a more significant role: *“Australia, Austria, Germany and Switzerland have between three and four times as many*

<sup>23</sup> Apprentice Pay and Conditions, Report for the TUC and Unionlearn, February 2011, p25.

<sup>24</sup> Review of Vocational Education – The Wolf Report, Alison Wolf, March 2011, p26.

<sup>25</sup> Tomlinson, S. NEETs, *Yobs and Kripples: Low attainment in a Global Knowledge Economy*. A report for the Leverhulme Trust, 2011.

<sup>26</sup> Wolf Review, p29.

<sup>27</sup> Research into Expanding Apprenticeships, LSC, August 2008, p2.

<sup>28</sup> Ibid p10.

<sup>29</sup> Expanding Apprenticeships in London, London LSC, May 2008

<sup>30</sup> Bunello, G. The Effect of Economic Downturns on Apprenticeships and Initial Workplace Training: A Review of the Evidence, IZA Discussion paper No 4326, July 2009.

<sup>31</sup> Felsted, A., Green, F. and Jewson N, The Impact of the 2008-09 Recession on the Extent, Form and Patterns of Training at Work, published by the Centre for Learning and Life Chances in Knowledge Economies and Societies at: <http://www.llakes.org>, 2011.

<sup>32</sup> Wolf Review, p78 and Table 6 p79.

<sup>33</sup> SSDA Catalyst Series number 5 (March 2007) Time to Look Again at Apprentice Pay? Getting Cost-Sharing Right. Dr. Hillary Steedman

<sup>34</sup> Hillary Steedman, August 2010. The State of Apprenticeship in 2010, International Comparisons. Centre for Economic Performance for the Apprenticeship Ambassadors Network.

*apprentices as England and Ireland. France has more than England but is still below the leaders. Apprentices in the three dual-system countries<sup>35</sup> are normally all aged below 25 and apprenticeship makes a substantial contribution to easing the transition to the labour market for young people.*<sup>36</sup>

In most cases, average apprentice pay in other countries is typically lower than in England. In Austria, France, Germany and Switzerland, employers pay a “training allowance” which is calculated as a percentage of the skilled employee wage. In Ireland, Foras Aiseanna Saothair (FAS, Ireland’s National Training and Employment Agency) has set standard rates for Apprentices wages for employers calculated as a percentage of a skilled employee wage: 30% in year 1, 45% in year 2, 65% in year 3 and 80% in year 4. Apprenticeships are only available for construction and industrial occupations. In France a similar approach is adopted depending on the age of the Apprentice with under 18s earning a quarter of the sectoral minimum rate in their first year, rising to just over half the minimum rate in their third year, as set out in Table 2.

**Table 2: Setting Apprentice pay rates in France**

<b>Training year</b>	<b>Under 18</b>	<b>18 to 21</b>	<b>Over 21</b>
Year 1	25%	41%	53% <sup>1</sup>
Year 2	37%	49%	61% <sup>1</sup>
Year 3	53%	65%	78% <sup>1</sup>

<sup>1</sup> Percentage of the sectoral minimum rate if above the SMIC.

Source: [www.travail-emploi-sante.gouv.fr](http://www.travail-emploi-sante.gouv.fr)

The research highlights that, compared to the UK Apprenticeship system; the key design features in those countries where more young people follow an Apprenticeship are that:

- Having lower wage costs allows employers to recoup much of their investment in learning;
- The duration of Apprenticeships in these countries is typically 3 years or more and all countries have higher proportions of Apprentices at Level 3 equivalents or higher – almost all German, Swiss, Austrian and Irish Apprentices are at Level 3 with significant levels of off-the-job learning – giving more time for employers to recoup their investment and enjoy the productivity gain from higher levels of learning; and,
- The higher quality learning and higher proportion of ‘license to practise’ qualifications in these countries mean that young people value the qualifications and will trade off lower wages for better future career prospects.

<sup>35</sup> Dual system refers to Apprenticeships that consist of both training undertaken by firms according to a specification set by their sector employer and employee organisations and general education is taught in vocational schools alongside vocational technical knowledge relevant to their occupation. The Dual system operates in Austria, Germany and Switzerland. (See Steedman, August 2010 for a full description).

<sup>36</sup> Ibid, p 2.

## Summary of Literature Review

There is still a limited set of evidence on the relationship between the level of wages and the number of Apprenticeships offered by employers. The newer sources we have reviewed above only serve to reinforce the central conclusions from the previous LPC review of the literature that:

- Young people are willing to trade off current wages for learning and experience that will provide better career prospects in future. This is a relative judgement and their perspective on the value of wages is closely related to what they consider they could earn elsewhere;
- Employers value Apprenticeships as a mechanism for developing staff, and their demand is conditioned by business needs. Paying a wage that will ensure Apprentices progress and complete is important but business needs – the expected level of future demand – dominate their calculation of how many Apprentices to recruit.

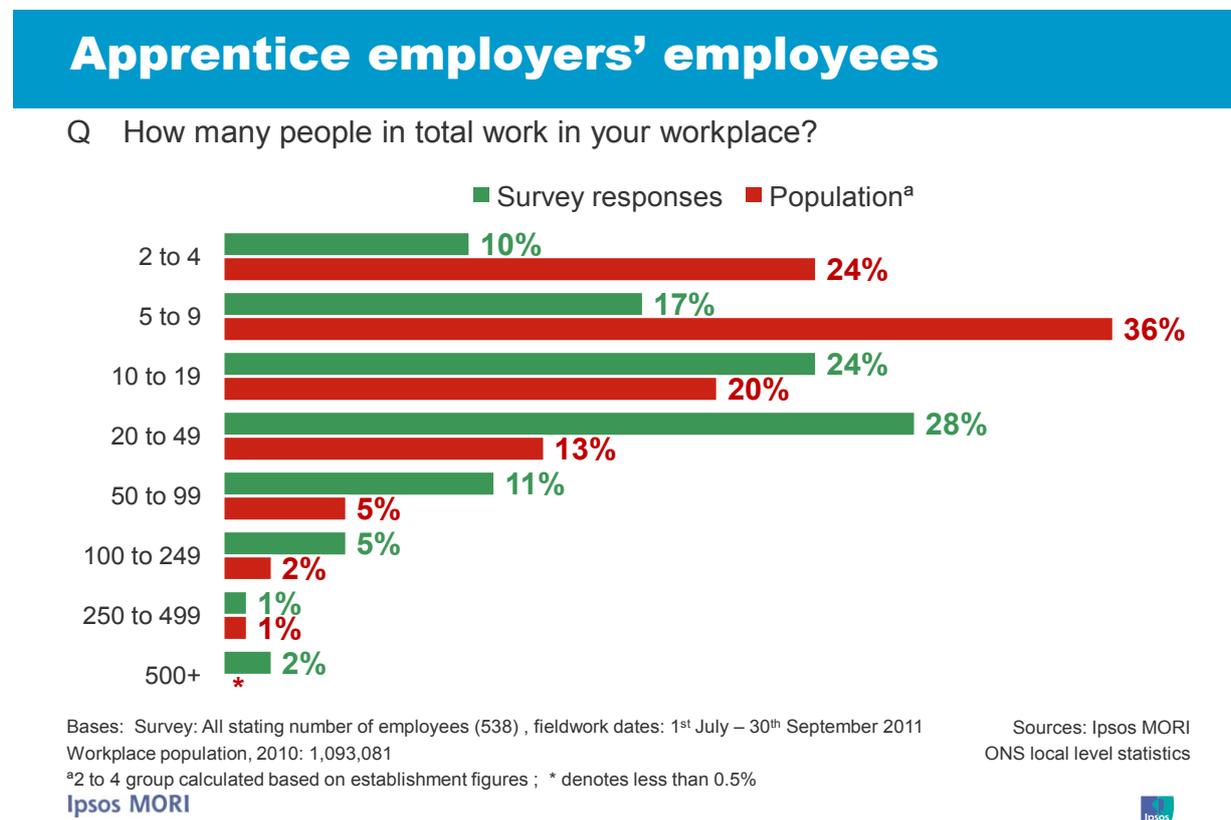
# **Profile of Employers in the Survey**

# Profile of Employers in the Survey

## Size of Employer

In order to provide context to the overall quantitative findings, this section describes the profile of employers taking part in the survey. This has been done through considering the firmographic profile of the survey respondents and comparing that against other public and government data. Chart 2 shows the number of employees employed by establishment<sup>37</sup> for survey respondents and the UK business population as a whole<sup>38</sup>. The data indicates that there are significant variations between the survey and population data sets. Apprentices require a significant time for investment in their training which requires trainers and/or mentors to operate within a workplace. It is logical to theorise that few micro-businesses took part in the survey because they are relatively unrepresented within the Apprentices employer population as micro-businesses typically have less time to set aside for training on this scale.

**Chart 2: Number of employees, establishment level (UK)**



Furthermore, learning providers have historically struggled to engage with micro-businesses and SME's in general. This is recognised in Skills for Sustainable Growth<sup>39</sup>, BIS's strategy document describing the Coalition's vision for further education reform. This strategy sets out how the Train to Gain programme will be replaced by an SME offer aimed at encouraging

<sup>37</sup> As outlined in the sampling section of the methodology.

<sup>38</sup> Wetherall, P (2010) UK Business: Activity, size and location, ONS, September 2010. Table A1.1. Accessed on 15/08/2011: [http://www.statistics.gov.uk/downloads/theme\\_commerce/PA1003\\_2010/ukbusiness2010.pdf](http://www.statistics.gov.uk/downloads/theme_commerce/PA1003_2010/ukbusiness2010.pdf).

<sup>39</sup> Available on the BIS Skills for Sustainable Growth microsite. Accessed on 25/11/2011: <http://discuss.bis.gov.uk/skills/>

small employers to train low skilled staff. In addition, the review of management information undertaken by CPC for Scottish Enterprise in 2006<sup>40</sup> showed that very small employers were much less likely to train. In that research, micro businesses with 1 to 4 employees comprised a quarter (24%) of placement organisations. In comparison, data from the Annual Business Inquiry (ABI) showed that three in five (61%) businesses were of a comparable size.

A much larger proportion of the 5 to 249 employee group are included in the returned sample than is found in the UK business population. As explained in the sampling section of the methodology, no current profile data on UK Apprentice employers exists<sup>41</sup>, so no comment can be made as to whether the returned profile is representative of the total UK Apprentice employer population.

## Industrial Sector

As with business size, there were some differences found in the sector distribution of surveyed employers compared to the UK and GB establishment level employer population (Table 3). Whilst this table does suggest a bias, especially in the “Health” and the “Professional Scientific & Technical” sectors, data on the number of Apprenticeships by subject does suggest the Health sector employs more Apprentices than others. Figures from England, Scotland and Wales show that 80% of Apprenticeships in training in April 2011 were studying 14 vocational frameworks<sup>42</sup>. This includes two specific frameworks which are directly connected to the Health Sector: “Health & Social Care” and “Children’s Care and Learning Development” which accounted for 14% of all Apprenticeships. Whether the Health sector is over-represented in the findings is impossible to ascertain given the current lack of profile data on Apprentice employers. The frameworks used by employers are discussed in more detail later in this chapter.

As 541 interviews with UK employers were conducted, meaningful analysis by individual sector is not possible due to the small cell sizes. After Health, the next biggest sector (Accommodation and Food Services) comprised 51 respondents (9% of UK respondents). In order to analyse sector issues in relation to pay, two sub-groups were agreed with the Low Pay Commission and created for analysis:

- **Low Pay Sectors** comprising of the following sectors: Hospitality, Leisure and Food Processing; Retail; Social Care; Childcare; Cleaning; Hairdressing; Security; Agriculture; Textiles; General Office Work and Employment Agencies; and
- **Non-Low Pay Sectors** comprising all other employers not operating in the sectors listed above.

The design of the questionnaire (in the data collected) provided enough detail on employers to classify them into these two groups.

<sup>40</sup> CPC (2006) Evaluation of Modern Apprenticeships and Skillseekers. Scottish Enterprise.

<sup>41</sup> Data is held by the various devolved governments. Whilst some firmographics data in England and Scotland is held, neither source includes the size of the business on their sample frame. In Wales, the only information held centrally on Apprentice employers is a postcode and an open text field of employer name. The 2011 UK Employer Skills Survey may be able to provide further evidence on this point. The ESS report will be published after the completion of this Low Pay Commission report.

<sup>42</sup> Sources: England – *Individualised Learner Record 2011*; Wales – *Lifelong Learning Record for Wales 2011*; Scotland – *Corporate Training System Record, 2011*.

**Table 3: Industrial sector – survey participants compared to the UK establishment-level population**

	<b>UK/Great Britain employer population<sup>43</sup></b>	<b>Telephone survey population</b>	<b>UK Survey population</b>
<i>Base: All respondents</i>	UK: (2,574,230) GB: (2,489,960) %	(500) %	(541) %
Agriculture forestry & fishing	5	3	3
Production	6	7	9
Construction	11	10	11
Wholesale, including motor trades	8	3	3
Retail	11	6	5
Transport & storage (inc. postal)	3	4	4
Accommodation & food services	7	10	9
Information & communication	6	1	1
Finance & insurance	3	1	1
Property	4	1	1
Professional scientific & technical	13 (UK), 14 (GB)	2	2
Business administration	7	2	2
Charities, public administration and defence	1	8	8
Education	3	9	9
Health	5	23	23
Arts, entertainment, recreation, and other services, including personal	7	10	11

Source: Ipsos MORI

## Business Age

Ninety three per cent of UK employers were able to say both how long their business had been operating and how long they had been employing Apprentices. Seven in ten (68%) of these said they had operated from those premises for at least 11 years and just 17% had operated for 5 years or less. Although not directly comparable, data for UK *enterprises* (as opposed to establishments) shows that 43% of businesses have been operating for 10 years or more and that 29% operated for 4 years or less<sup>44</sup>. The data therefore suggest that businesses employing an Apprentice are more likely to be well-established. Comparing business longevity with the length of time that Apprentices have been employed shows that 47% of businesses have been employing Apprentices for as long as they have been operating.

<sup>43</sup> Wetherall, P (2010) UK Business: Activity, size and location, ONS, September 2010. Table A1.1. Accessed on 15/08/2011: <http://www.ons.gov.uk/ons/rel/bus-register/uk-business/2010/index.html>.

<sup>44</sup> *ibid.* Table B1.4. No data on business size by establishment.

**Table 4: Comparison of the length of time a business has offered Apprenticeships versus the length of time in operation at that establishment (UK)**

	How long the organisation has been employing Apprentices						Total*
	Less than a year	A year to two years	Three to five years	Six to ten years	Eleven to twenty years	More than twenty years	
<i>Base: All UK respondents answering both questions (501)</i>	(56) %	(65) %	(93) %	(98) %	(66) %	(123) %	(501) %
<i>How long has your organisation/the organisation you work at been operating?</i>							
Less than a year	1						1
A year to two years	1	3					4
Three to five years	2	2	7				11
Six to ten years	2	3	3	7			15
Eleven to twenty years	2	2	4	5	8		23
More than twenty years	2	3	5	7	5	25	47
Total*	10	13	19	19	13	25	100

Source: Ipsos MORI

\* Totals do not sum to 100 due to rounding

Table 4 shows that employers who were new to Apprenticeship training (offering Apprenticeships for two years or less) accounted for just under a quarter (23%) of the employers taking part in the survey. “Business Administration” appeared to be a growth area as 41% of those offering this framework said they had offered Apprenticeships for two years or less.

## Frameworks Used by Employers

Nine in ten (91%) UK employers who participated in the survey currently employed Apprentices at their workplace, and the remaining one in ten (9%) employers had stopped employing Apprentices from September 2010 or earlier. The frameworks offered by employers, whether they still employed Apprentices or not, are shown in Chart 3. As might be expected from the analysis by industrial sector, the “Health and Social Care” and “Children’s Care and Learning Development” frameworks predominate, followed by the more general “Business Administration” framework. Earlier, it was noted that small cell sizes preclude any detailed analysis by framework offered. However, there were a few findings by the larger frameworks worthy of mention, particularly in the case of “Business Administration<sup>45</sup>”. Employers using this framework were more likely to operate in non-Low Pay Sectors and said they had taken on more Apprentices than in the previous year. They were also found to be more aware of the Apprentice Rate. Conversely, employers offering

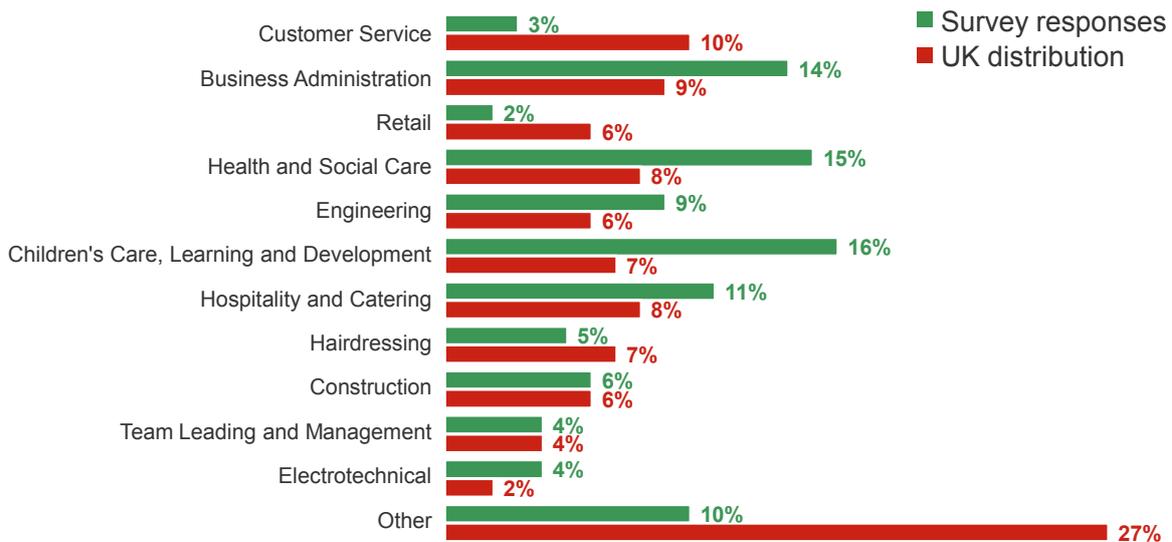
<sup>45</sup> Base size for the Business Administration framework = 71.

“Health & Social Care” frameworks<sup>46</sup> were more likely to come from Low Pay Sectors and those offering “Children’s Care, Learning and Development”<sup>47</sup> were more likely to offer Level 2 Apprenticeships.

**Chart 3: Frameworks taken up by Apprentices against the total number taken up in the UK**

## Main frameworks taken up by Apprentices

Q What is/are/was the occupational area/s of this course/training?



Bases: Survey: All employers (541), fieldwork dates: 1<sup>st</sup> July – 30<sup>th</sup> September 2011  
Apprentice starts 2009/10: 323,400.

Ipsos MORI

Sources: Ipsos MORI  
Source: BIS/Low Pay Commission



For the UK, the number of Apprentice starts by framework in 2009/10 is provided as a point of comparison. The principle frameworks offered by surveyed employers diverge significantly from the UK distribution of starts in two-thirds of those listed in Chart 3 which suggests the employers surveyed may not be representative of the population as a whole.

Of the UK employers still having an Apprentice on their books, three quarters (77%) employed four Apprentices or less and 10% employed between five and nine Apprentices.

In terms of the typical length of an Apprenticeship (Chart 4 below), 44% of UK employers said their Apprenticeships lasted a year or less. Employers offering these short-term Apprenticeships were more likely to be categorised in Low Pay Sectors (27% versus 22% overall).

Furthermore, GB employers<sup>48</sup> with Apprentices on Level 3 Apprenticeships<sup>49</sup> were significantly more likely to say their Apprentices completed their studies within a year (29% compared to 22% overall). In the case of Level 3, the only way it is feasible to complete in a year is if a Level 2 Apprenticeship has already been completed.

<sup>46</sup> Base size for the Health and Social Care framework = 81.

<sup>47</sup> Base size for the Children’s Care, Learning & Development framework = 84.

<sup>48</sup> No level could be ascribed to NI employers because no matching to the employer database was possible.

<sup>49</sup> Base for employers offering Level 3 Apprenticeships = 161.

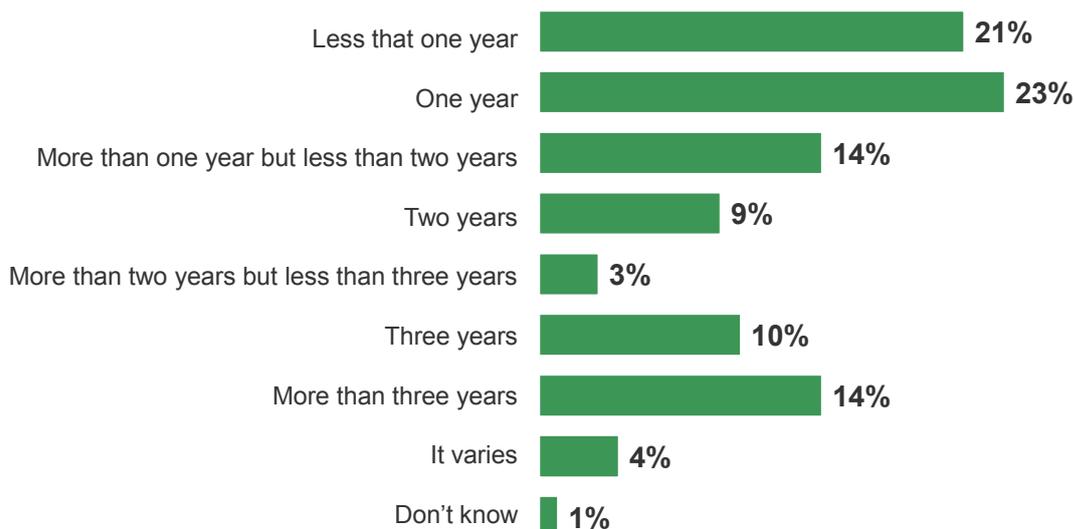
The employer survey suggests Apprentices in England were more likely to complete their Apprenticeship early. A quarter of employers in England said their Apprentices finished within a year compared to one in five (21%) overall. Furthermore, Apprentices in Wales were more likely to finish in two years (15% versus 9% overall) and Apprentices in Scotland the most likely to take three or more years (27% versus 14% overall).

The Specification of Apprenticeship Standards for England (SASE) indicates that the criteria for guided learning hours (GLH) at Intermediate and Advanced level are the same<sup>50</sup>; there is a minimum of 280 GLH of which 100 must be delivered away from the workplace. Other qualifications and evidence are required to complete an Apprenticeship, which are mostly the same for Intermediate and Advanced Apprentices. This may explain some of the reported difference in England if Advanced Apprentices have already met some of the academic qualification criteria for English, Maths and ICT if they had already completed an Intermediate Apprenticeship.

**Chart 4: Reported length of Apprenticeships, UK employers**

## Typical length of Apprenticeships

Q What is/was the typical length of an Apprenticeship?



Base: All employers (541), fieldwork dates: 1<sup>st</sup> July – 30<sup>th</sup> September 2011

Ipsos MORI

Source: Ipsos MORI



Albeit from a very low base size (38), only two employers offering “Engineering” Apprenticeships said Apprentices completed them within a year. Thirty of these 38 employers said Apprentices were on their course for three years or more.

<sup>50</sup> As indicated here: <http://www.Apprenticeships.org.uk/About-Us/News/~media/Documents/SASE/11-521-Specification-of-Apprenticeship-standards-for-england.ashx>

## Summary

Overall, it is difficult to ascertain whether the employers who took part in the survey were representative of all *Apprenticeship* employers. The absence of any profile data means the data could not be weighted.

The profile of the returned sample of employers was reviewed against other data that described the business community and the number of learners on different frameworks. The survey did appear to include some bias, especially by framework which was over-representative of employers offering “Business Administration”, “Children’s Care, Learning & Development” and “Health & Social Care” Apprenticeships.

Overall, the data showed employers who took part in the survey were more “established” than UK businesses overall, meaning the survey cohort had typically been operating for a longer period than UK data would suggest as average.

The business size profile was also found to be different, with far fewer micro-businesses taking part in the survey data compared to the UK profile based on establishment level data. However, we would expect this as learning providers have long-struggled to engage the micro-business population.

# **Demand for Apprenticeships**

# Demand for Apprenticeships

## Past and Current Recruitment of Apprentices

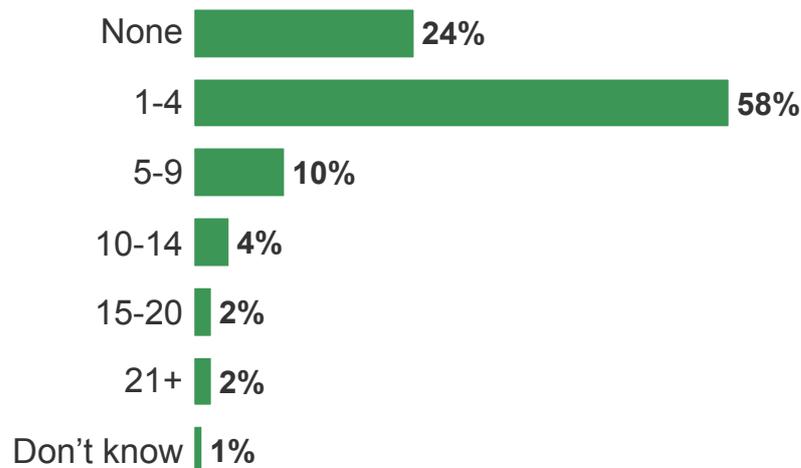
One in five (24%) UK employers who were still offering Apprenticeships at the time of interview had not taken on any new Apprentices in the last 12 months. UK employers who had not taken on new Apprentices were significantly more likely to operate in Non-Low Pay Sectors (29% compared to 19% in Low Pay Sectors).

As shown in Chart 5, the majority of UK employers still offering Apprenticeships (58%) said they took on one to four Apprentices in the last year. Furthermore, employers who hired up to four Apprentices in the last year were more likely to keep a steady intake of Apprentices; three in five (62%) of these employers said they expected to employ around the same number of Apprentices in the next 12 months.

**Chart 5: Number of Apprentices taken on last year, UK employers**

### Number of Apprentices taken on in past year

Q In the last twelve months (since June 2010), how many new Apprentices have you taken on this course?



Base: All still offering training (463), fieldwork dates 1<sup>st</sup> July – 30<sup>th</sup> September 2011  
Ipsos MORI

Source: Ipsos MORI



Half (50%) of the UK employers interviewed took on the same number of Apprentices this year compared to last. Nearly a third (32%) took on more Apprentices in the last 12 months and one in eight (13%) took on fewer. The remainder responded 'don't know' to the question.

Of those who took on more Apprentices in the last twelve months, two in five perceived an increased demand for Apprenticeships from learners compared to one in three overall (39% vs. 32%). In addition, half (49%) of the employers offering Apprenticeships in "Business

Administration<sup>51</sup> increased recruitment in the last twelve months to higher levels than in the previous year, which was significantly higher than employers overall (32%).

In response to an unprompted question, the most common reason UK employers took on more Apprentices in the last year was because there was a “change in business needs” in their company (cited by 21%). In most cases, this referred to employers indicating that by employing more Apprentices they were supporting their business model for growth and expansion. In addition, the same proportion of employers took on more Apprentices this year because they wanted to train employees in preparation for maintaining a sufficiently qualified future workforce. The top five reasons for employing more Apprentices are listed in Table 5 below. The wish to train the future workforce mirrors findings from the 2008 LSC employer survey on the expansion of Apprenticeship places<sup>52</sup>.

**Table 5: The most common reasons for employing more Apprentices this year than last, UK employers**

	<b>Percent giving this reason</b>
<i>Base: All UK respondents employing more Apprentices</i>	(146) %
Change in business needs	21
To train the future workforce	21
Increased <u>all</u> training options, including Apprenticeships	12
Demand/interest for places has increased	12
This is the first year Apprentices have been taken on	9

*Source: Ipsos MORI*

Like employers who increased their Apprentice intake, a “change in business needs” was the most common reason for employing fewer Apprentices this year<sup>53</sup> - see Table 6. In one survey case, a respondent replied to an open question stating that there was not ‘as much work’ this year, and therefore fewer Apprentices were required for their current business requirements. A “change in business needs” was also the main reason cited by around 40% of employers for stopping Apprenticeships in the 2008 study for the LSC on expanding the Apprenticeship programme<sup>54</sup>.

<sup>51</sup> Base size for Business Administration framework = 57.

<sup>52</sup> CPC and Ipsos MORI (2008) Research into Expanding Apprenticeships, LSC.  
[http://readingroom.lsc.gov.uk/lsc/National/Research\\_into\\_Expanding\\_Apprenticeships\\_for\\_release.pdf](http://readingroom.lsc.gov.uk/lsc/National/Research_into_Expanding_Apprenticeships_for_release.pdf)

<sup>53</sup> See appendix [x] for full table in the topline.

<sup>54</sup> CPC and Ipsos MORI (2008) Research into Expanding Apprenticeships, LSC.  
[http://readingroom.lsc.gov.uk/lsc/National/Research\\_into\\_Expanding\\_Apprenticeships\\_for\\_release.pdf](http://readingroom.lsc.gov.uk/lsc/National/Research_into_Expanding_Apprenticeships_for_release.pdf)

**Table 6: The top five reasons for employing fewer Apprentices this year than last, UK employers**

	<b>Percent giving this reason</b>
<i>Base: All UK respondents employing fewer Apprentices</i>	(60) %
Change in business needs	22
No need for new Apprentices/ all staff are trained	12
Decreased all training options, including Apprenticeships	10
Change in labour market	8
Demand / interest for places has decreased	8

*Source: Ipsos MORI*

## Perspectives of Training Providers

Discussions with training providers highlighted that the recession was having a major impact on employers' willingness to recruit but that this could often be very uneven between different sectors and even between different businesses within the same sector.

Early Years training providers reported mixed opinions on the impact the recession had had on their business. In one location they reported that increasing numbers of women were returning to work to help with family budgets and so demand for childcare was increasing. However, in other locations, the providers reported that nurseries were facing tough market conditions as few people could afford the fee rates for childcare with many working families turning to informal childcare arrangements.

In retail and hospitality a similar mixed picture was reported: "*some high street shops are doing well while others are struggling, but away from the high street conditions are very difficult*" [Retail training provider]. Training providers in hairdressing also reported that trading conditions for salons were challenging, with salon owners placing even more attention on the costs of the business. In social care, the need to conform to regulatory standards was maintaining some demand for Apprenticeships but public sector funding cuts were posing another threat to some businesses.

Among non Low Pay Sectors, engineering training providers felt that the market had rebounded from the recession as the sector had enjoyed some growth which had combined with replacement demand (as older skilled engineers retire) to give them some confidence. Indeed, one training provider had been asked to help recruit a new Apprentice for an engineering firm and they would be advertising the post at £12,000 per annum – considerably above the going market rate. Construction training providers were less positive. While they felt the market had moved on from making Apprentices redundant and had stabilised, the level of growth was weak. The fragmentation of the sector with large numbers of smaller subcontractors was seen as a particular challenge in such market circumstances when many of the frameworks have three-year durations.

A consistent message from all training providers was that employers were cautious and that they wanted to ensure as far as possible that any Apprentice was the right person for the job and willing and able to complete their training and stick with the employer. In retail and hospitality training providers report that young people might now start with part-time work and then those that demonstrate an aptitude and interest will move into full-time positions. Only

then would the employer start the individual on an Apprenticeship when they believe that the young person was interested in making a career in the sector. In most cases, this means that Apprentices are already employed when they start their Apprenticeship in these sectors and usually aged 18 or over and, as noted elsewhere, already employed at age specific Minimum Wage rates.

In Northern Ireland training providers reported that Level 2 training is most often undertaken as a traineeship with Apprentices progressing on to employed status when they start their Level 3 training. Programme-led Apprenticeships and Training for Success were both used by employers to lower their risk that young people would not sustain their interest and complete.

Training providers in hospitality also suggested that this meant certain aspects of the Apprenticeship training were easier to deliver as over 18s were not subject to restrictions on their activities under Health and Safety regulations (such as working with cutting/ kitchen equipment etc) nor under other regulations governing the serving of alcohol, for example. No training provider suggested that these regulations meant that no-one under 18 could undertake an Apprenticeship in these sectors, however, starting at or near 18 certainly made the delivery of learning more straightforward (otherwise training providers are forced to schedule training after the individual Apprentice's 18<sup>th</sup> birthday) and employers were certain that they could not fall foul of these regulations.

In Early years and Social care, some training providers reported that wider regulation of the sectors was having an impact on the take up of Apprentices:

- In Early Years the Ofsted rules around the ratio of staff to children in England is fundamental to the business model for employers. Current regulations are that to be included in the ratio, staff should be 17 or over<sup>55</sup>. As a number of training providers pointed out, this automatically places young people typically coming into an Apprenticeship on leaving school on the cost side of the balance sheet. Apprentices do make a contribution but the business is still required to satisfy regulations that appear more burdensome in current economic circumstances.
- In the Care sector, until Summer 2010 the Care Quality Commission regulations stated that employees had to be 18 or over to provide personal care. Despite this regulation being changed so that young staff with appropriate training can now perform these tasks, training providers report that employers still prefer over 18 recruits. One young person aged 16 who had undertaken a trial in a care home for four weeks found the experience dispiriting as she was not allowed to walk with patients (in case they fall), or even serve them tea (in case it spilled): *"it was awful, all I could really do is sit and talk to the old people but they saw me as odd and unhelpful as I had to say that I couldn't even get them a cup of tea or help them to the bathroom"* [Early Years Apprentice].

At a time when employers' business models were already under pressure, these issues meant that they preferred not to recruit younger Apprentices.

## Future Recruitment of Apprentices

Around one in six (15%) UK employers said they expected to employ more Apprentices next year. UK employers who expected to hire more Apprentices had an average of 108 employees, and those who expected to hire fewer had an average of 36 employees.

<sup>55</sup> Criteria for ratios of adults to children are set out in Appendix 2 of Statutory Framework for the Early Years Foundation Stage, DCSF, May 2008.

These figures are consistent with the research conducted by the Office for National Statistics<sup>56</sup> on the impact of the recession. In particular for businesses in the service sector, which makes up a large part of the United Kingdom's economy, small businesses are considered to have been hit harder by the recession than medium-sized businesses. In turn, these have performed worse than larger businesses. However, the opposite is true for businesses in the manufacturing sector where larger businesses are considered to have been hit harder by the recession compared with medium-sized and smaller businesses.

A company's financial outlook affected their decision whether to hire Apprentices next year. Those who felt business will get worse for their company over the next year were also more likely than all employers to have not taken on any Apprentices in the last year (44% compared to 24% overall).

No national programme officer nor training provider could recall any employer reporting that they were going to offer fewer Apprenticeships following the introduction of the Apprentice Rate. The overwhelming majority felt that the recession and the continuing uncertainty surrounding the recovery were the major factors in any reduction in Apprenticeship starts. A number of training providers did suggest that demand from employers was in their view holding up surprisingly well in the circumstances. In Wales (where all Apprentice starts from August 2011 will be employed) and Scotland, some providers felt that they were more constrained by the number of funded places on Apprenticeships rather than interest from employers.

All programme officers and training providers felt that the demand from young people was very high indeed. The recession has made a significant difference to the alternatives available to young people. Some providers also felt that there had been something of a turnaround in attitudes to the 'academic route' as it was going to be more expensive and parents were also more aware that success in qualifications does not in itself guarantee a job at the end of the process. In the longer term the introduction of the Apprentice Rate would help provide young people with a minimum standard of pay.

This was having an impact in non Low Pay Sectors such as engineering where many applicants were now older than the traditional entry point at school-leaving age. Young people who had progressed with their academic studies to A Level or Further Education and Higher Education courses were now applying for Apprenticeships.

Securing an employed status Apprenticeship can be particularly difficult for those young people who did not do well at school. A group of Early Years Apprentices reported that they were unable to secure employed status Apprenticeships in local nurseries as those places that were available went to candidates with better qualifications. They chose instead to undertake Programme-led Apprenticeships<sup>57</sup> as an alternative route into the sector but still found that the only work experience they could secure, essential to complete their Level 2 qualifications, were unpaid. For these individuals, the Apprenticeship route offered them a chance to access different ways of learning: *"I like working with children and the Apprenticeship was my chance to get the qualification I need. I didn't do well at school and I thought learning by doing would suit me much better"*. [young person, 17, recently completed Programme-led level 2 in Early Years].

As shown in Table 7 (overleaf), nearly a third (32%) of all employers kept Apprentice recruitment around the same level as last year and said they would not change the number of Apprentices they recruit next year. What this means is that most employers (63%) who

<sup>56</sup> Buccellato, T and Scheffel, E (2011) The impact of the recession on different sized firms, ONS, February 2011. Access on 18/08/2011: <http://www.statistics.gov.uk/articles/elmr/elmr-feb11-buccellato.pdf>

<sup>57</sup> Programme-led Apprenticeships were withdrawn in England in April 2011. Much of the learning in Programme-led Apprenticeships is undertaken at the training provider but key elements are work-based and require the learner to have a work placement.

kept recruitment levels the same last year said they were likely to recruit the same numbers next year. Nearly one in five (18%) of the employers who employed more Apprentices this year compared to last expected to employ the same number next year.

**Table 7: Expectation for employing Apprentices next year compared to actual employment this year, UK employers**

	Amount employed this year compared to last				
	More	Less	The same	Don't know	Total
<i>Base: All respondents responding to both questions (454)</i>	%	%	%	%	%
Expect to employ more next year	5	2	8	1	16
Expect to employ less next year	8	4	8	1	21
Expect to employ the same next year	18	6	32	2	58
Don't know	1	1	3	1	6
Total	32	13	51	5	100 <sup>58</sup>

Source: Ipsos MORI

The following charts map the proportion of Apprenticeship starts by age on the left hand scale and the total number of starts on the right hand scale. The charts are not directly comparable as the introduction of adult Apprenticeships and Level 2 or Intermediate Apprenticeships have occurred at different dates across the Nations. As a result, some care is required when interpreting them. Nevertheless, they do provide for each Nation, a picture of the development of overall Apprenticeship numbers and the relative importance of different age groups. The perceptions of training providers that they see relatively few 16-17 year olds are not entirely supported by the evidence on starts:

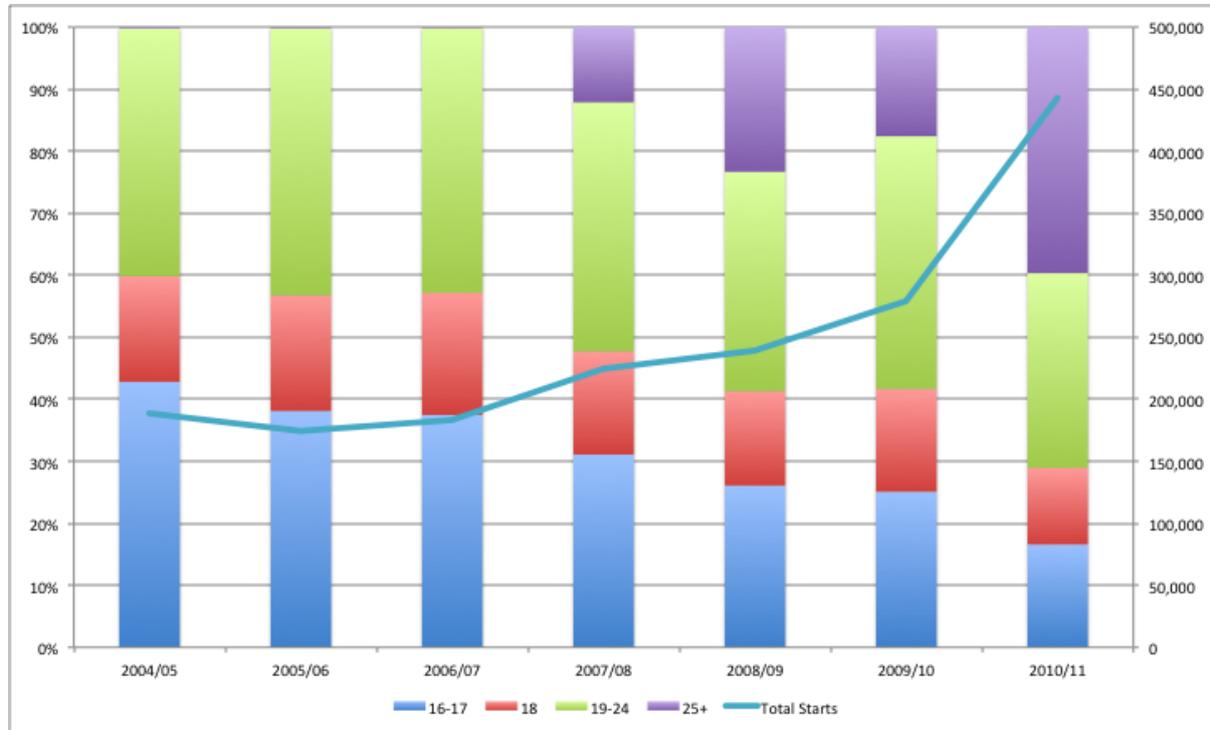
- The absolute number of 16-17 Apprentice starts have fallen in Wales from over 4,700 to 2,245 (2004/05 to 2009/10) and in Northern Ireland<sup>59</sup> from just under 800 to just over 400 (2004/05 to 2010/11). In Wales the scale of the programme has fallen over the period and so the proportion of 16-17s in total starts has not fallen dramatically. The number of Apprenticeships in Northern Ireland have increased since 2006/07 but this has largely been driven by over 25s since 2008/09;
- In England, the absolute number of 16-17 year old starts has fallen from just over 80,000 in 2004/05 to a provisional figure of 73,530 in 2010/11 – just over 90% of the 2004/05 figure. The scale of the programme has virtually doubled since the introduction of adult Apprenticeships in 2007/08, leading to the decline in the proportion of 16-17 year old starts;
- In Scotland, the absolute number of 16-17 year old starts has increased from almost 5,700 in 2004/05 to over 6,100 in 2010/11, although starts were lower in the intervening period, especially in 2009/10 following the recession. The overall size of the programme has increased only marginally between 2004/0 and 2010/11, although total starts were half this number in 2008/09 in the depth of the recession;

<sup>58</sup> Totals to 101 due to rounding

<sup>59</sup> These figures do not include Programme-led Apprenticeships or Traineeships which are the typical entry point for young people 16-17 year olds at Level 2.

- The absolute numbers of 18 year old starts have also declined in Wales and Northern Ireland but not in England or Scotland;

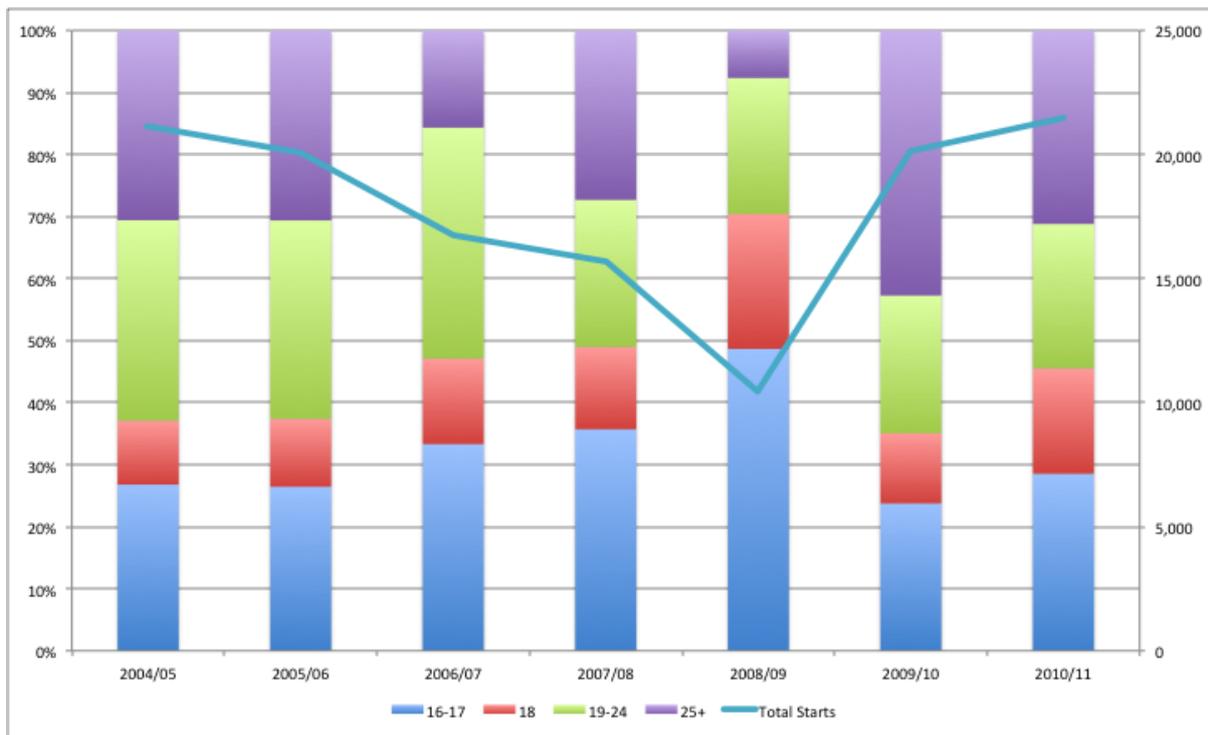
**Chart 6: Apprenticeship starts in England by age (% of total)**



Notes: All Apprenticeship starts (Advanced, Intermediate and Programme-Led). Starts are on an academic year basis: Aug 1- July 31. Age is at start of programme. Adult Apprenticeships commenced 2007/08. Figure for 2010/11 is provisional.

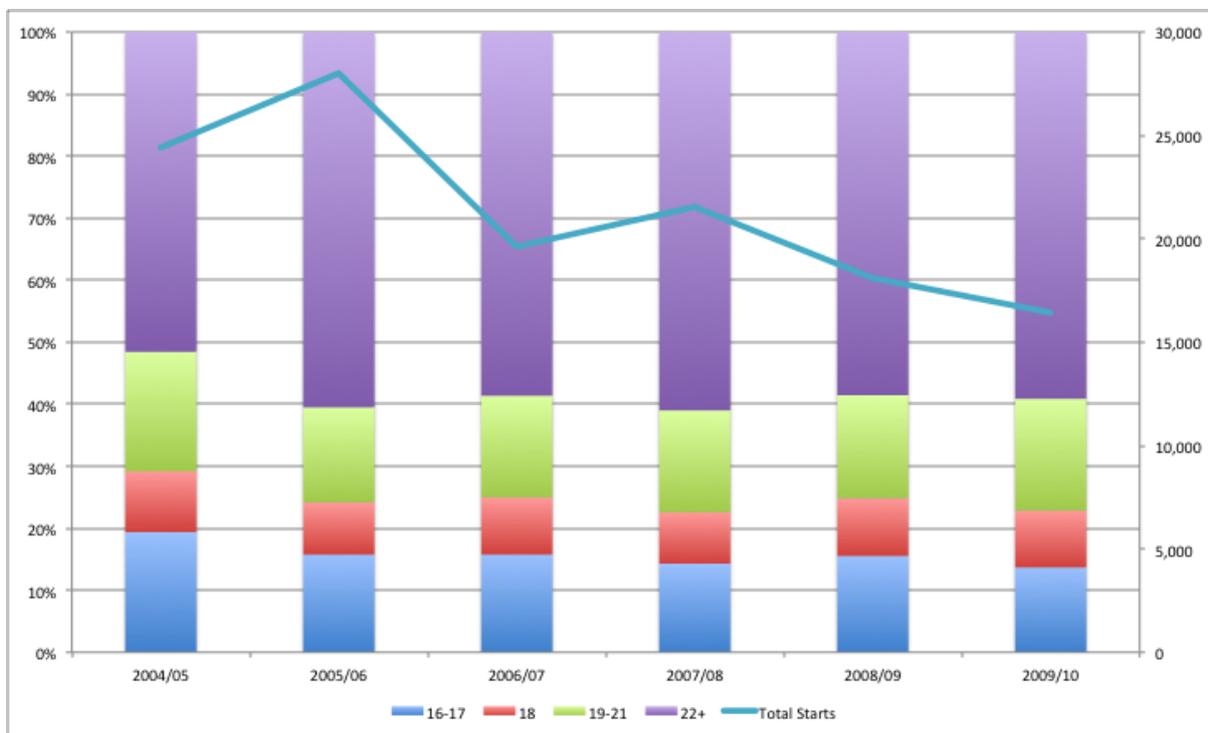
Source: National Statistics, SFR Supplementary Tables, Equality and Diversity Table, October 2011.

**Chart 7: Apprenticeship starts in Scotland by age (% of total)**

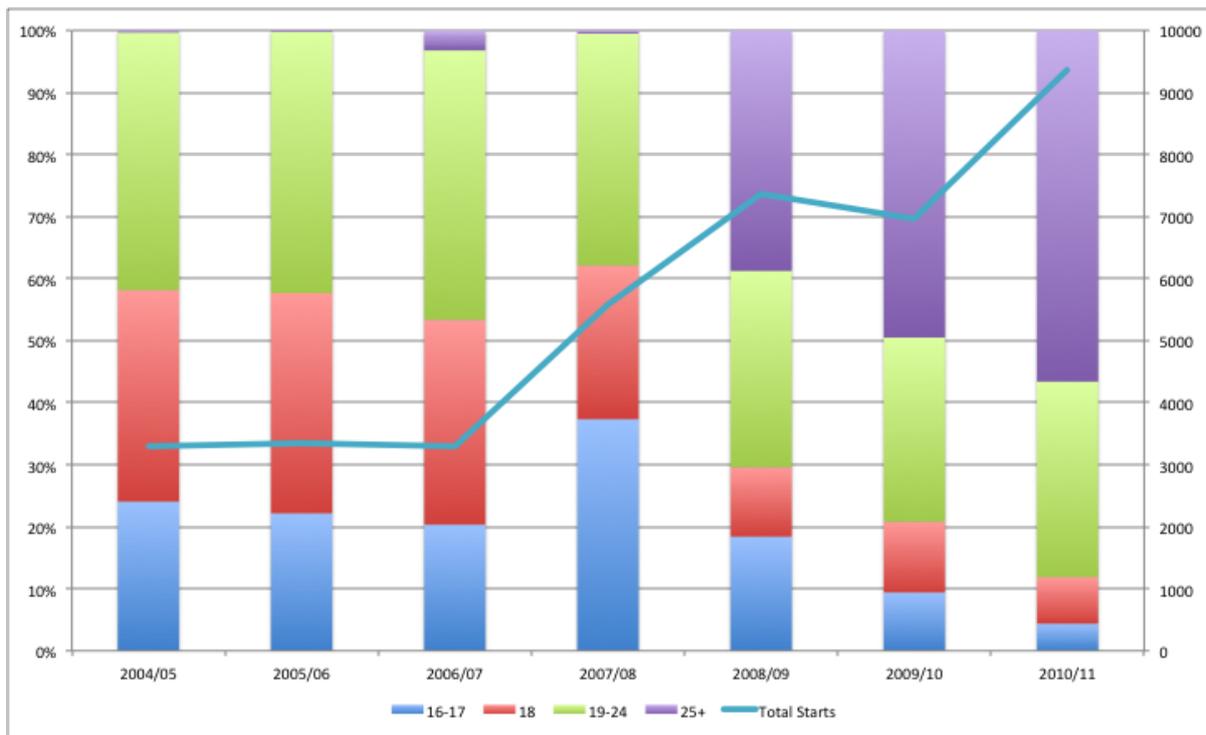


Notes: Starts are on a financial year basis: April 1- March 31. Modern Apprenticeships (Level 3) starts until 2009/10 when Level 2 MAs commenced. Adult Modern Apprenticeship (25+) restricted to key sectors in 2006/07 and to 2008/09. Source: Skills Development Scotland MIS

**Chart 8: Apprenticeship starts in Wales by age (% of total)**



Notes: Data only available for over 22s. Starts are on an academic year basis: Aug 1- July 31. Level 2 and Level 3 Apprenticeships. Source: Welsh Government MIS

**Chart 9: Apprenticeship starts in Northern Ireland by age (% of total)**

Notes: Level 3 Apprenticeships until March 2007. Level 2 Apprenticeships introduced for the first time in NI September 2007. All Age Apprenticeships [25+] along with provision for those working Reduced Contracted Hours September 2008.

Source: DELNI

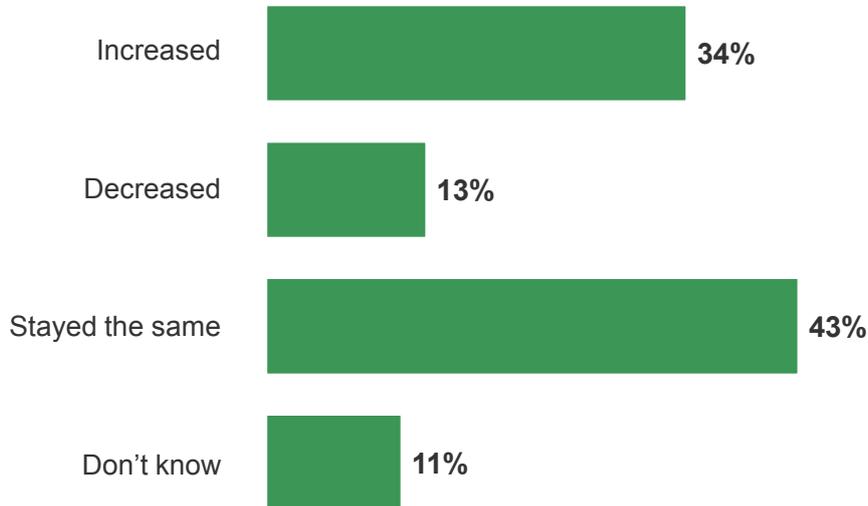
### Future Demand for Apprenticeships from Young People

Two in five (43%) UK employers reported the demand from young people for Apprenticeships had stayed the same over the last 12 months (Chart 10). One in three (34%) noticed an increase in the demand for Apprenticeships from young people in the last year. These employers were more likely to be based in England rather than in Scotland (36% compared to 25%). Of this group, two in five expected to respond by increasing the number of Apprentices they employ next year.

**Chart 10: Changing demand for Apprenticeships, UK employers**

## Demand for Apprenticeships in the past year

Q Has the demand from young people for Apprenticeships increased, stayed the same, or decreased in the last 12 months?



Base: All employers (541), fieldwork dates: 1<sup>st</sup> July – 30<sup>th</sup> September 2011

Source: Ipsos MORI

Ipsos MORI



Employers offering Apprenticeships in “Children’s Care, Learning and Development” were significantly more likely than employers overall to have noticed an increase in demand (43%<sup>60</sup> compared to 33%).

Overall, one in ten (13%) UK employers noticed a reduction in demand from young people for Apprenticeships. These employers were more likely to think that business for their company will get worse over the next few months (23%<sup>61</sup> compared to 13% overall).

Two in five (43%) UK employers felt that the demand for Apprenticeships has not changed in the last year. The employers who offered Apprenticeships in “Health and Social Care<sup>62</sup>” and “Hospitality & Catering<sup>63</sup>” were more likely than other employers overall to note that demand has not changed (both 52% compared to 43%).

<sup>60</sup> Base size for the Children’s Care, Learning and Development framework = 84.

<sup>61</sup> Base size for employers noticing a reduction in demand from young people for Apprenticeships = 47.

<sup>62</sup> Base for Health and Social Care framework = 83.

<sup>63</sup> Base for Hospitality & Catering framework = 58.

## Summary

UK employers in Non-Low Pay Sectors were more likely to have not taken on any new Apprentices in the last 12 months (29% compared to 19% in Low Pay Sectors). Three in five UK employers (58%) took on up to four Apprentices in the last year. Of this group, a further three in five (62%) were likely to keep this level of recruitment up into next year. Similarly, over two in three employers who kept recruitment levels the same last few years were likely to continue with the same level into next year.

No national programme officer nor training provider could recall any employer reporting that they were going to offer fewer Apprenticeships following the introduction of the Apprentice Rate. The overwhelming majority felt that the recession and the continuing uncertainty surrounding the recovery were the major factors in any reduction in Apprenticeship starts.

There was an association between a company's financial outlook and/or size and their decision to take on more Apprentices. Small employers or those who felt business will get worse over the next year, were significantly more likely to consider not taking on Apprentices over the next 12 months.

An employer's "change in business needs" was the main reason stated for taking on either more or less Apprentices this year. Employers who had taken on more Apprentices said this was a result of their company's plan for growth or expansion. Employers taking on fewer Apprentices noted that demand for their product or service had decreased and therefore they needed fewer staff in the coming year.

One in three employers had noticed an increase in demand from young people for Apprenticeships. Of this group, two in five expected to respond by increasing the number of Apprentices they employ next year.

Discussions with training providers and young people suggest that this increase in the numbers interested in Apprentices is also accompanied by a much greater interest from young people with good academic qualifications. Many young people interviewed in our group discussions had started A Levels or even gone on to university before applying for their Apprenticeships.

Training providers felt that some aspects of regulation were adding to the challenges facing young people, especially those under 18. Inadvertently, in some sectors these regulations are reinforcing employers' inclination to recruit those 18 and over where fewer restrictions apply. In Early Years, the restrictions on under 18s from contributing to the staff-child ratios is ensuring that Apprentices are a cost not a business asset and when employers are already under financial pressure will limit the number of places available to Apprentices.

# **Apprentice Pay and Conditions**

# Apprentice Pay and Conditions

## Levels of Pay and Working Hours

Overall, the average gross minimum<sup>64</sup> Apprentice pay stated by UK employers (excluding “don’t knows” and refusals) was £5.41 per hour. The median minimum pay provided by UK employers was £5.93 per hour which was also the rate the adult National Minimum Wage was set to at the time of the survey. The limited analysis by framework shows that employers who had Apprentices studying “Team Leadership & Management” and “Health and Social Care” paid the highest average amount: a minimum of £7.10<sup>65</sup> and £6.30<sup>66</sup> per hour respectively. In comparison, employers with Apprentices on “Children’s Care, Learning and Development” frameworks paid the lowest average minimum amount of £4.78<sup>67</sup> per hour. There were lower framework averages, but the base sizes were too low for this to be meaningful. However, the average gross minimum hourly rate for “Hairdressing”<sup>68</sup> (£3.08 per hour) is worth mentioning because the qualitative findings indicated that hairdressing Apprentices are particularly vulnerable to low pay and difficult working conditions.

**Table 8: Mean minimum gross hourly pay for Apprentices, UK employers**

	Base size	Median gross minimum hourly pay	Mean gross minimum hourly pay
<i>Base: All UK employers providing pay data (410)</i>		£	£
<b>Total</b>	<b>410</b>	<b>5.93</b>	<b>5.41</b>
Team Leadership and Management	11*	7.00	7.10
Health and Social Care	68	6.02	6.30
Electrotechnical	16*	5.93	5.93
Other	34	5.24	5.87
Customer Service	15*	6.00	5.84
Retail	10*	5.88	5.76
Hospitality and Catering	48	5.93	5.75
Engineering	41*	5.07	5.27
Construction	26*	4.87	5.12
Business Administration	56	4.08	4.96
Children’s Care, Learning and Development	63	5.00	4.78
Hairdressing	22*	2.66	3.08

Source: Ipsos MORI. \* indicates extremely low base sizes for the employer survey. Note **all** bases sizes are low and should be treated with caution

<sup>64</sup> The question wording for employers was: “Can you tell me the minimum amount you pay/paid your Apprentice/s BEFORE any deductions for tax and national insurance? Please do not include bonuses, tips or overtime.”

<sup>65</sup> Base size for Team Leadership & Management who stated their pay = 11.

<sup>66</sup> Base size for Health and Social Care who stated their pay = 68

<sup>67</sup> Base size for Children’s Care, Learning and Development who stated their pay = 63. The authors note the there were lower framework averages, but the base sizes were so low that these have not been commented on.

<sup>68</sup> Base size for Hairdressing who stated their pay = 22.

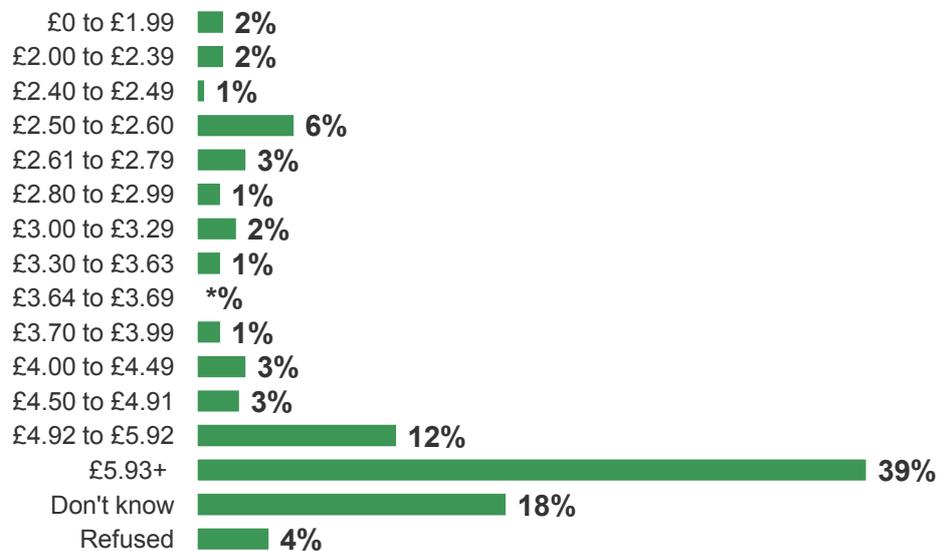
Five per cent of employers paid at least some of their Apprentices under the Apprentice Rate threshold at the time of the survey (under £2.50 per hour). Of these employers, one in three (34%<sup>69</sup>) had Apprentices on the Business Administration framework.

A further six per cent paid a minimum of between £2.50 and the 2011/12 rate of £2.60 per hour and so were in danger of failing to pay the revised rate unless they increased the amounts paid to Apprentices.

### Chart 11: Apprentice pay per hour, UK employers

## Apprentice pay per hour

Q Can you tell me the (minimum) amount you pay/paid your Apprentice[s] BEFORE any deductions for tax and national insurance?



Base: All GB employers, All NI still employing Apprentices (534), fieldwork dates: 1<sup>st</sup> July – 30<sup>th</sup> September 2011.

Source: Ipsos MORI

Ipsos MORI



UK employers operating in Low Pay Sectors were more likely to pay their Apprentices at least the National Minimum Wage Rate of £5.93 than employers in the Non-Low Pay Sectors (49% compared to 29%) although over one in five (22%) employers in the Non-Low Pay Sector did not know how much they pay their Apprentices.

The twenty per cent who answered 'don't know'<sup>70</sup> to this question tended to operate in the following industrial sectors: Education (19%); Health and Social Work (16%); Construction (13%); and Accommodation and Food Services (9%). Twenty three employers refused to answer the question and a quarter of these worked in the Health and Social Work sector.

The qualitative interviews with training providers in all nations suggest that employers pay their Apprentices the age-specific National Minimum Wage Rate for two main reasons:

- Employers in all sectors were now more keen to “*try before they buy*”. In sectors such as retail and hospitality, young people are not recruited directly into Apprenticeship but will serve something akin to a pre-Apprenticeship initially working part-time and those who demonstrate and the right aptitude will progress to full-time work. Only then will

<sup>69</sup> Base size for employers paying under the Apprentice Rate = 21.

<sup>70</sup> Base size for 'don't know' = 108

employers put them on an Apprenticeship. These recruits will have been employed on age-specific Minimum Wage rates and so the Apprentice Rate was not considered relevant;

- Other training providers also suggested that young people on those frameworks where there was no or very little off-the-job training were more apt to see the Apprenticeship as “*pretty much the same as an ordinary job*” and would prefer not to be an Apprentice rather than be paid less than their colleagues.

The main incentive for Apprentices to complete their studies was the slightly higher wage they would receive upon completion of their Apprenticeship.

Just under three in ten (28%) employers who had some difficulty with one or more of the Apprentice Rate eligibility criteria paid their Apprentices under £3.63 per hour as a minimum. This compared to less than one in ten (8%) employers who did not have difficulty with any of the eligibility criteria. Conversely, a half (50%) of employers who were unaware of the Apprentice Rate paid their Apprentices equal to or over the National Minimum Wage level for workers aged 21 years (£5.93 per hour). Significantly fewer employers who were aware of the legislation (a third – 34%) paid these higher wages.

Only one training provider reported any negative implications arising from the introduction of the Apprentice Rate. This provider had a number of hairdressing salons in England that reduced their weekly wage to their Apprentices after the hourly Apprentice Rate was introduced. Prior to the rate coming into force these Apprentices were earning £95 per week in accordance with NAS programme guidelines but as many Apprentices worked between 30-35 hours per week, some employers took the opportunity of the new hourly rate to reduce their pay to between £75-£87.50. This was contrary to NAS guidelines and the training provider was able to reverse the employers’ decisions in some cases. Interviews with hairdressing providers in other nations did not find any similar cases and it may be that these were very isolated examples.

### **Training provider views on employer approaches to setting Apprentice wages**

Their views were consistent with the employers’ interests in ensuring that their Apprentices complete their training. When asked by employers for their views on setting wages for Apprentices, training providers gave very consistent responses:

- That they should pay the rate for the job;
- That they should consider how to build progression into pay rates over the term of the Apprenticeship and possibly include bonus payments on completion; and,
- That they conform to Minimum Wage Legislation.

Most training providers preferred not to specify a particular wage rate – they often felt that this was rightly the responsibility of the employer and advised them to set a rate in relation to their own pay scales. A minority of providers in Low Pay Sectors felt that the Apprentice Rate was too low: “*If I’m pushed by the employer into providing a figure, then I will give them the age-specific minimum wage rate but stress that they need to understand and conform to the legislation. If the employer is happy to pay this, then it’s not that much more money but can make a big difference to the Apprentice*”. [Training provider Early Years and Social Care].

Training providers in the engineering sector often had their own pay scales based on their view of the ‘going’ rate for a full time skilled worker in their locality. These were typically well above Minimum Wage levels. One example is set out in Table 9 overleaf:

**Table 9: Engineering Pay Scales**

	% of Skilled	Example weekly	Per year
First year	30%	£140	£7,280
Second year	45%	£210	£10,920
Third year	60%	£280	£14,560
Fourth year	70%	£326.67	£16,987
Time out rate	100%	£466.67	£24,267

Source: *Engineering Training providers*

The construction sector has industry agreed wage rates but a number of training providers were becoming increasingly concerned that many in their sector could no longer afford to maintain these. One large training provider who was undertaking some training on behalf of smaller subcontractors reported that, although they were still above Minimum Wage levels, many smaller employers were paying “what they could afford” rather than the agreed rates.

## Working Hours

Two in three (68%) employers said their Apprentices spent between 31 and 42 hours per week in work and training (Chart 12); the average number of hours working and training overall was 34 hours per week. Note that a small minority of employers (5%) said their Apprentices worked and trained for fifteen hours or less. The survey did not ask why this would be the case or what Apprentices did with the remainder of their time. Given that the Apprenticeship Act requires employers in England to deliver all elements of their programme within contracted working hours, and that employment must be for 16 hours per week or more<sup>71</sup>, these employers seem to be anomalous, or may have interpreted the question differently to the other employers.

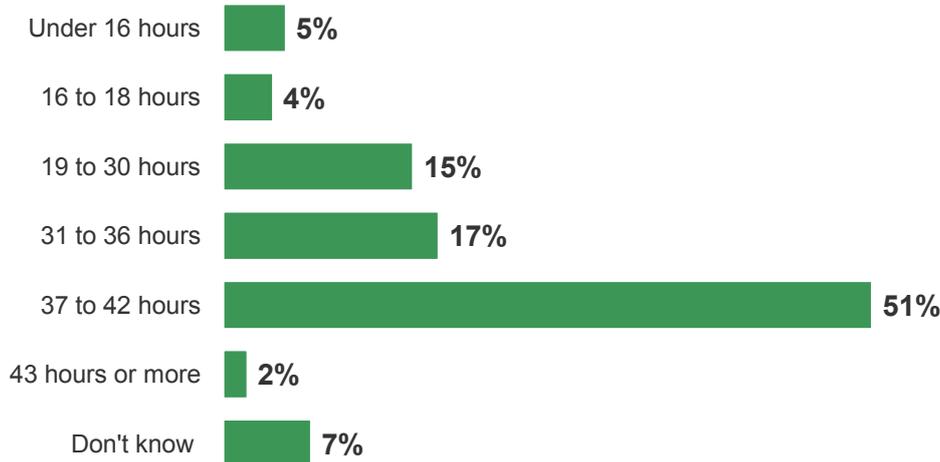
As already noted above, training providers have an interest in ensuring that employers conform to programme rules (otherwise they do not get paid) and this would further suggest that these results are anomalous.

<sup>71</sup> National Apprenticeship Service policy statement, 23 June 2009. Accessed 17/08/2011 <http://www.Apprenticeships.org.uk/~media/documents/NAS-Policy-statement-Part-time-working-in-Apprenticeships-15Nov2010.ashx>. It should be noted that in Scotland, Apprentices have to work a minimum of 30 hours per week.

**Chart 12: Hours worked by Apprentices per week, UK employers**

## Hours worked by Apprentices per week

Q Firstly, how many hours a week are/was your Apprentice(s) contracted by you to spend working and training, excluding meal breaks and any overtime?



Base: All (541), fieldwork dates: 1<sup>st</sup> July – 30<sup>th</sup> September 2011.

Source: Ipsos MORI

Ipsos MORI



Business confidence was high in companies where Apprentices worked more hours per week. Half (51%) of UK employers had Apprentices working between 37 and 42 hours per week, and over half of these (55%) employers felt that business was going to improve in the next 12 months.

Of the 11 UK employers who had Apprentices working for 43 or more hours per week, eight were not aware of the Apprentices Rate, however all but one paid their Apprentices at least the National Minimum Wage for 21 year olds at £5.93 per hour or more.

UK employers said the majority (95%) of their Apprentices took part in on-the-job or informal training and development. This is training where someone in the organisation provides advice, shows them how to do something, or coaches them whilst doing everyday work. The average amount of time the Apprentices spent training on-the-job was 14.7 hours per week.

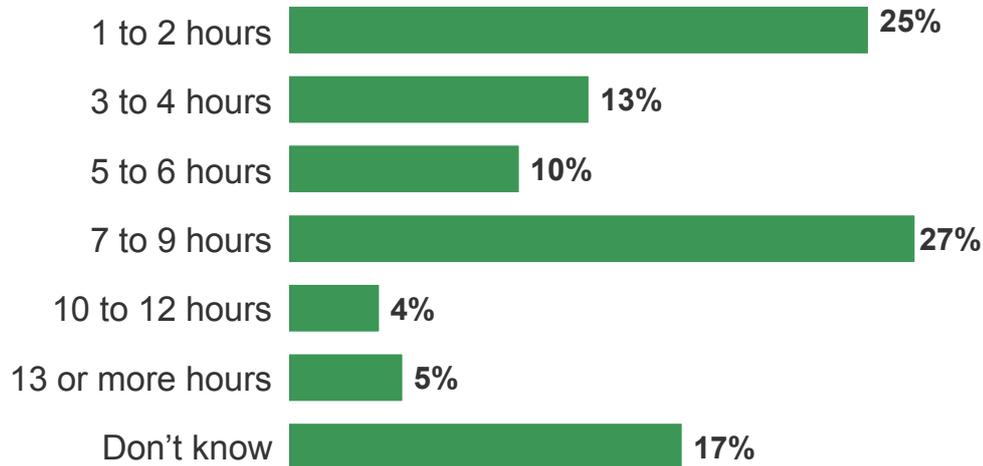
Around seven in ten (69%) UK employers said Apprentices took part in off-the-job training. This is training away from their everyday work area and can include courses, workshops, training sessions, distance learning, workbooks and CD-ROMs. This means that three in ten employers did *not* provide off-the-job training to Apprentices which, in England, is against the SASE guidelines cited earlier<sup>72</sup> Based on these findings, Apprenticeships in England do not therefore appear to follow national guidelines in the way they are structured.

<sup>72</sup> As indicated here: <http://www.Apprenticeships.org.uk/About-Us/News/~media/Documents/SASE/11-521-Specification-of-Apprenticeship-standards-for-england.ashx>

**Chart 13: Time spent doing off-the-job training, UK employers**

## Hours spent by Apprentices training off-the-job

Q How many hours a week does/do/did your Apprentice(s) usually spend on off-the-job training as part of their Apprenticeship?



Base: All who have Apprentices who take part in off-the-job training (371), fieldwork dates: 1<sup>st</sup> July – 30<sup>th</sup> September 2011

Ipsos MORI

Source: Ipsos MORI



Overall, Apprentices spent an average of six hours a week training off-the-job. This increased to 7 hours per week for Apprentices training in Non-Low Pay Sectors. Apprentices in Engineering had the highest amount of hours spent on off-the-job training compared to all other occupational areas, with Apprentices spending an average of 9 hours<sup>73</sup> per week on this. These findings, although only indicative due to small base sample sizes, suggest that the Apprenticeship framework dictated the level of off-the-job training. Apprentices employed in higher pay sectors studying in technical areas were paid more and had a greater degree of dedicated training compared to their peers in other sectors of the economy.

Around 47% of UK employers had Apprentices that spend six hours or less a week off-the-job training. However, certain employers were more likely to offer fewer off-the-job training hours. These employers were more likely to be in Low Pay Sectors (57%), and were less likely to be looking to employ Apprentices in the next 12 months (58%). However, they were more likely to perceive an increase in demand for Apprenticeships (54%), and have taken on more Apprentices this year than the previous year (57%).

Training providers in retail and hospitality but also in Early Years reported that young people in those sectors where the Apprenticeship framework had fewer or no off-the-job training were more reluctant to accept wages much lower than their experienced colleagues: *“when an Apprenticeship looks like work and young people see themselves doing pretty much the same job as their colleagues, they would rather just have the money and stop the Apprenticeship if necessary”* [Retail training provider].

There were reports from some providers and Apprentices in Low Pay Sectors that assessments and some assignment work was now being squeezed into lunchtimes and meal

<sup>73</sup> Treat this figure as indicative as the base is low (35).

breaks rather than during 'working' hours. A number of Early Years Apprentices reported that any written work they were expected to complete had to be done at night once they had come home from work as there was no time allotted during the day. Most accepted that this was due to the businesses having to survive, but a number felt that they should be paid more if they were pretty much undertaking the same tasks as their qualified colleagues.

Similarly, a number of hairdressing Apprentices reported that their opportunities to practice what they had learnt off the job could be limited. Again much depended on the attitude of their employer and the current strength of their business. In some cases, many of the existing qualified staff were themselves self-employed and renting chairs from the salon. This tended to make them very busy and less able to give time to help and advise the Apprentices. All Apprentices were concerned that relatively few Apprentices were subsequently hired as stylists. One Apprentice worked in a salon where no Apprentice in the last seven years had been subsequently taken on as a stylist.

Training providers pointed to the problems many salons face in making their business model work – by the time a typical Apprentice completes their Level 2 they will be 18 or over. If the salon owner wishes to employ them this would be at the age specific minimum wage rate which is almost double the Apprenticeship rate. Very good candidates will get offered a job particularly where they have already established a client list and are making a contribution to the business. Otherwise, there are strong financial incentives for employers to take on another new Apprentice eligible for the Apprentice Rate to carry out the basic duties around the salon.

Many Apprentices wanted to achieve Level 3 qualifications as this opens up a wider range of employment opportunities, but even here, they would have to secure employment at age specific minimum wage rates. Some thought that they might be offered the opportunity to rent a chair in a salon (which was an achievement in itself) but recognised that this would not be sufficient as Apprentices cannot usually be self-employed.

## Structure of Pay

More than half (57%) of UK employers did not give extra pay or benefits on top of an hourly wage to their Apprentices. These employers were more likely to perceive demand for Apprenticeships to have increased over the last year (62% compared to 43%<sup>74</sup> who perceived a decrease), and to operate in the Non-Low Pay Sector (63% compared to 57% overall).

Discussions with Apprentices suggest that those in Non-Low Pay Sectors did receive overtime payments from time to time when they had to stay late. For example, one Apprentice had received overtime for working longer hours to ensure that their construction job was completed on time. Much depends on the level of business their employer could secure. Another construction Apprentice reported that their employer had reduced their hours to three days a week as there was not sufficient work to support him.

Apprentices in Early Years had received a small pay increase on the introduction of the Apprentice Rate as their standard working hours were 40 per week. Prior to the introduction of the Rate they were earning £95 per week but now received £100 per week.

Those in other Low Pay Sectors were often less fortunate depending on the attitude of their employer. For example, Apprentice hairdressers often stay late if a client is late or take longer to finish but few Apprentices currently got time off in lieu – some were told to come in later the next day but most said that any complaints were not well received, and they were reminded that there were plenty of other young people looking for work.

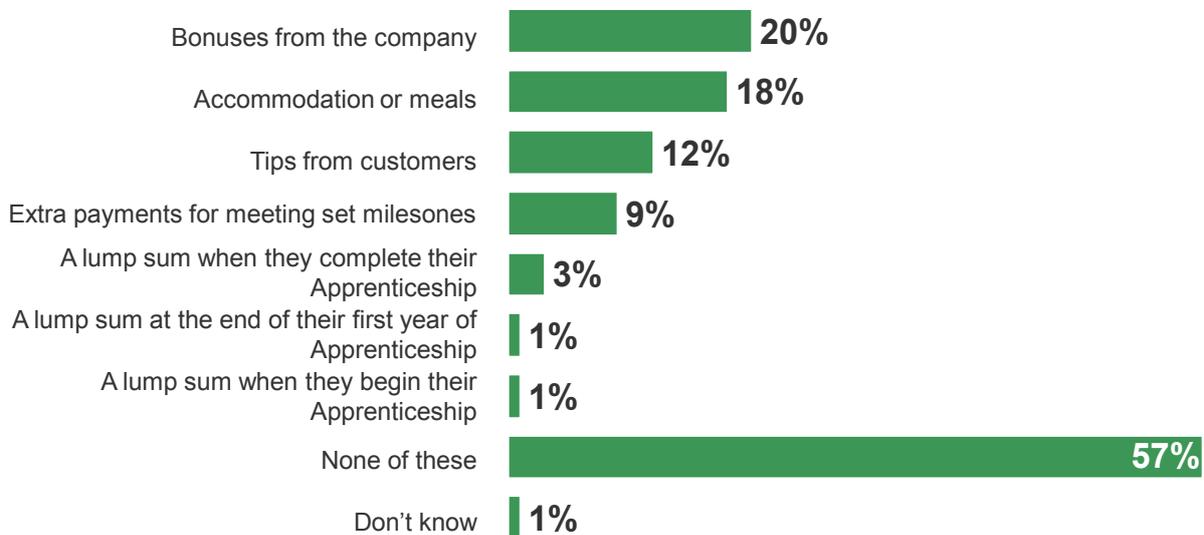
<sup>74</sup> Treat this figure as indicative as the base is low (63).

Of the benefits listed in Chart 14, few can be included as part of an Apprentice's minimum wage. For example, Apprentices can have part of their accommodation costs offset against their salary to a maximum of £4.61 per day or £32.27 a week, although there are strict rules governing when this offset can apply<sup>75</sup>. Some performance-related pay and bonuses can be included in the National Minimum Wage. One possible explanation for the lower pay described earlier is that these Apprentices received other payments from their employer to boost their wages.

**Chart 14: Other benefits received by Apprentices, UK employers<sup>76</sup>**

## Extra pay and benefits for Apprentices

Q Does/do/did your Apprentice[s] receive any of the following extra pay or benefits, in addition to their gross pay?



Base: All employers who are still offering training (534), fieldwork dates: 1<sup>st</sup> July – 30<sup>th</sup> September 2011  
Ipsos MORI

Source: Ipsos MORI



About two in five (42%) UK employers said their Apprentices received extra pay or benefits. Of these, bonuses from the company were the most common form of extra pay. In particular, those employers with Apprentices in “Business Administration” were more likely to provide bonuses (27%<sup>77</sup>) than employers with Apprentices in “Health and Social Care” (10%<sup>78</sup>) and in “Children’s Care, Learning and Development” (6%<sup>79</sup>).

In addition, employers operating in Non-Low Pay Sectors (14%) were also more likely to give extra payments for meeting set milestones to Apprentices compared to employers operating in Low Pay Sectors (5%).

<sup>75</sup> See the Business Link website, accessed 17/08/2011:

<http://www.businesslink.gov.uk/bdotg/action/detail?itemId=1081676604&r.i=1081676675&r.l1=1073858787&r.l2=1084822773&r.l3=1081657912&r.l4=1081658545&r.t=RESOURCES&type=RESOURCES>

<sup>76</sup> Multiple response question hence total sums to more than 100%

<sup>77</sup> Base size for ‘Business Administration’ = 71.

<sup>78</sup> Base size for ‘Health and Social Care’ = 81.

<sup>79</sup> Base size for ‘Children’s Care, Learning and Development’ = 84.

Discussions with training providers suggest that this is a function of the differential between a new Apprentice wage rate and that of a skilled worker. In Low Pay Sectors such as retail, hospitality and leisure, new Apprentices are more likely to have been existing employees who become Apprentices only when the employer is confident that they have an aptitude for the job and have an ambition to stay. This will mean that the Apprentice is already earning age-specific Minimum Wage rates and there is simply less 'headroom' between these rates and those of a qualified worker. In Non-Low pay sectors the initial Apprentice wage might be 30% of that of a qualified worker and so progression payments are more common.

Almost a quarter of the employers operating in the Low Pay Sectors provided accommodation or meals (22%) or tips (24%) from customers, in addition to an Apprentice's wages. These employers tended to operate in occupational areas where accommodation, meals and tips were readily available and could support Apprentices when they were required to be on site. Tips cannot be used as part of pay for the Apprentice Rate. Employers operating in "Hospitality and Catering" were significantly more likely than others to provide these benefits: Nearly half (46%<sup>80</sup>) of employers taking on Apprentices from this framework provided accommodation or meals compared to 18% overall and 61% provided tips from customers compared with 12% overall. Three in ten employers in "Health and Social Care" also provided accommodation or meals to Apprentices (28% compared to 18% overall).

## How Wages Are Determined

Around half UK respondents (51%) employed more than one Apprentice. Of these, over two in five (43%) varied the amount of wages they paid each of their Apprentices i.e. most did not vary the wages paid to Apprentices.

UK employers were asked about the range of factors they used to determine the level of wages; the top five of these reasons are listed in Table 10 below<sup>81</sup>.

**Table 10: The top five factors that determine the level of wages paid, UK employers**

	Percent giving this reason
<i>Base: All UK employers</i>	(541) %
Their level of study	25
The age of the Apprentice	21
Their occupation within the organisation	21
National minimum wage legislation for Apprentices	20
Their progress/competence during the Apprenticeship	13

*Source: Ipsos MORI*

Of particular relevance to this research is the one in five UK employers that stated "National minimum wage legislation" determined the level of wages paid. Albeit from a low base<sup>82</sup>, employers offering "Construction" (33%) frameworks were more likely to consider NMW legislation compared to all UK employers. Furthermore, the amount Apprentices were paid also bore some relation to whether NMW legislation was a factor in setting pay rates, as illustrated in Chart 15 below. Overall, UK employers paying below the adult national

<sup>80</sup> Treat this figure as indicative as the base is low (56).

<sup>81</sup> Please refer to Appendix topline for full table.

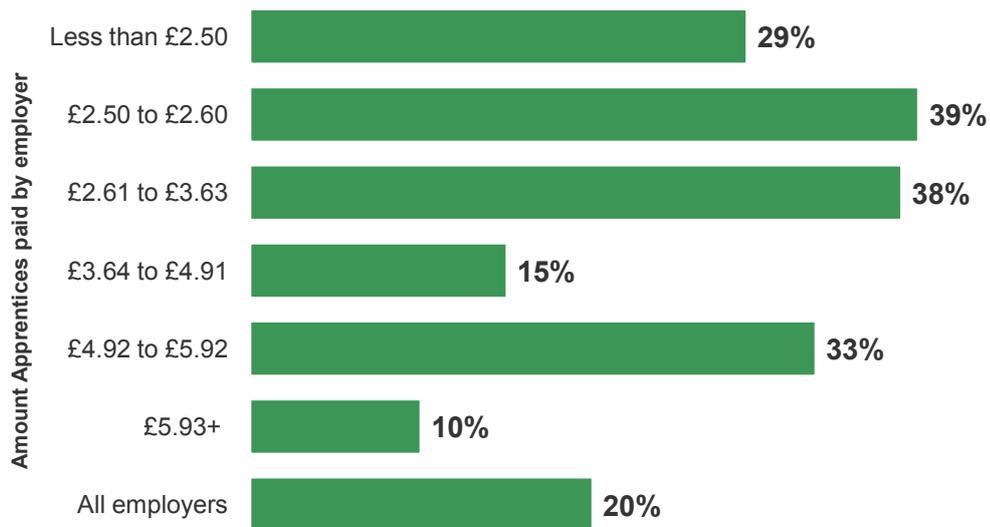
<sup>82</sup> Base of 33 employers

minimum wage were more likely to use the NMW legislation when setting pay rates. Only 10% of employers paying a minimum of £5.93 or more considered this legislation when setting pay.

**Chart 15: Proportion stating the NMW legislation was an important factor determining the wages of Apprentices by the amount paid, UK employers**

## Importance of NMW legislation in determining pay

Q What are the main factors that determine the wage you pay/paid your Apprentice[s]? – National Minimum Wage legislation.



Base: All UK employers, (541), fieldwork dates: 1<sup>st</sup> July – 30<sup>th</sup> September 2011 .

Source: Ipsos MORI

Ipsos MORI



As shown elsewhere in Table 10, a quarter (25%) of employers considered their Apprentice's "level of study", while two in ten (21%) determined the level of Apprentice wages by considering their age (one of these employers stated their company "always pays minimum wage for their age" as their standard company policy). As noted above, discussions with training providers identified that this was common practice in retail and hospitality sectors where Apprentices are typically already in employment and earning well above the Apprentice Rate. The same proportion (21%) considered the "occupation within the organisation" (or "their level of responsibility" as described by one employer) when setting pay. Closely linked to these factors was employers' perception of their Apprentice's progress or competence during the Apprenticeship: many employers stated that an Apprentice's "skill", "ability", "effort" and "how enthusiastic" and "productive" they were in their role could affect the amount of pay they received.

## The Use of Government Subsidies

A number of subsidy schemes have been operating at a national level that seek to promote the recruitment of additional Apprentices:

- In England, the Apprentice Grant for Employers ran from December 2009 to end March 2010 and provided £2,500 for each 16-17 year old unemployed person starting an Apprenticeship;

- In Wales, the Young Recruits programme provides £50 per week (up to £2,500 per annum) for each additional 16-24 year old Apprentice;
- In Scotland, the Employer Recruitment Incentive offers up to £2,000 for a 16-19 Apprentice and the Adopt an Apprentice Scheme provides a one-off incentive of £2,000 to allow apprentices to complete their training with another employer;
- Northern Ireland does not offer any recruitment subsidy for Apprentices.

Other wage subsidy schemes operate in individual sectors, for example, Construction, Logistics and the Care sector. There are also local incentives<sup>83</sup>. Discussions with young people also identified that in some areas they were eligible for transport subsidies (although where these still existed they were currently under review due to funding constraints). Training providers in Wales, Scotland and N Ireland report consistent interest among employers in accessing further support for Apprentices (other recent policy documents have identified that employers do not necessarily recognise that the public sector already makes a contribution to the cost of Apprenticeship training).

Fewer than one in ten (8%) employers in Great Britain<sup>84</sup> had received a wage subsidy from the Government in the past three years to help them to take on an Apprentice. The majority (60%) of these employers stated that they would still be likely to take on an Apprentice even if they did not receive the subsidy. In addition, these employers tended to have Apprentices working between 37 to 42 hours per week for their company (64%<sup>85</sup> compared to 49% overall), and one in four (26%) paid their Apprentices a minimum of between £2.50 and £3.63. This finding suggests that “additionality”, the net gain from a policy intervention which takes into account activity which would have happened anyway, may be quite low.

Of those who did not receive a wage subsidy for taking on an Apprentice, three in five (59%) said it was at least ‘fairly likely’ they would have taken on more Apprentices if they had received one. Over a third (24%) said it was ‘fairly’ or ‘very’ unlikely and 10% said they would ‘definitely not’ have taken on more Apprentices even with a subsidy from Government.

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<sup>83</sup> See An Evaluation of the Apprenticeship Grant for Employers (AGE) programme, identifies a number of national, sectoral and local incentives, National Apprenticeship Service, May 2011, p8.

<sup>84</sup> Wage subsidies do not apply in Northern Ireland, so the question was removed for the web survey.

<sup>85</sup> Treat this figure as indicative as the base is low (42).

## Summary

On average UK employers paid Apprentices a minimum of £5.41 per hour, and median pay was a minimum of £5.93. However five per cent paid their Apprentices less than the Apprentice Rate of £2.50 an hour.

Just over half of Employers said their Apprentices worked and trained between 37 and 42 hours per week: the average number of stated hours was 34 per week.

The majority of employers said Apprentices took part in on-the-job training. On average they spent 14.7 hours per week on this. Fewer Apprentices took part in off-the-job training than on-the-job training, and they spent fewer hours on average on this training at 6 hours per week.

More than half of employers said they did not provide any extra pay or benefits to their Apprentices. However, employers operating in Low Paying Sectors were more likely to provide accommodation, meals or tips from customers.

Half of UK employers had more than one Apprentice, and of these, two in five (43%) varied the wages they paid their Apprentices.

The top four factors which employers used to determine the amount they paid Apprentices were their level of study, age, their occupation within the organisation and legislation regarding the National Minimum Wage. The latter was considered more by employers paying less than adult NMW of £5.93 per hour at the time of the study.

# **Economic Impact of the Apprentice Rate**

# Economic Impact of the Apprenticeship Rate

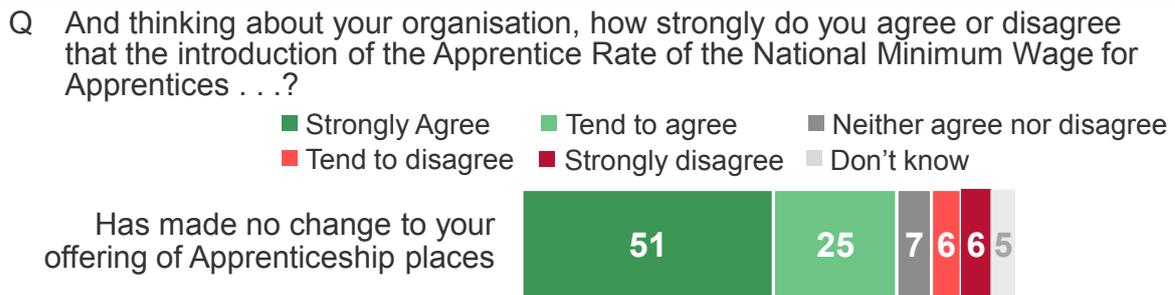
## Impact of the Apprenticeship Rate on Employers' Decision-making

As shown in Chart 16, the introduction of the Apprenticeship Rate had minimal impact on UK employers' decisions to offer Apprenticeship places. One in eight (12%) employers offering Apprenticeships after September 2010 disagreed that the Rate "made no change" to their Apprenticeship offer. Some employers had experienced difficulty with Apprenticeship Rate eligibility criteria, such as which Apprentices should get which minimum wage. This group were more likely to disagree that the rate "made no change" to their Apprenticeship offer (27%<sup>86</sup> compared to overall figure of 13%) and are covered in more detail overleaf. Scottish employers were significantly more likely to agree that the introduction of the Rate had made "no change" to their Apprenticeship offer (87% versus 76% overall).

Of the 77 UK employers no longer offering Apprenticeships, 15% agreed that the introduction of the rate "was the main reason for their decision not to offer Apprenticeship training".

**Chart 16: Impact of the Apprenticeship Rate on UK employers**

### The Apprenticeship rate has had minimal impact



Base: All except those who stopped offering courses in September 2010 or after (463) fieldwork dates: 1<sup>st</sup> July – 30<sup>th</sup> September 2011.

Source: Ipsos MORI



Base: All who no longer offer training (77), fieldwork dates: 1<sup>st</sup> July – 30<sup>th</sup> September 2011

Source: Ipsos MORI

Ipsos MORI



<sup>86</sup> Albeit from a low base of 62 employers

## Difficulties with Apprentice Rate Eligibility Criteria

Around one in seven (14%) UK employers said they had difficulties with one or more of the criteria which affect eligibility for the Apprentice Rate (Table 11, “don’t know” not included). No single issue dominated as most of these employers reported multiple problems. Overall, the impact was therefore minimal, although those identifying the issues were more likely to disagree that the introduction of the Apprentice Rate “made no change to your offering of Apprenticeship places” (28% versus 13% for all employers). Additionally, those identifying an issue were also more likely to agree that the Apprentice Rate “will make it less likely that you will take on Apprentices in the next 12 months”.

**Table 11: Apprentice Rate of the National Minimum Wage and reported difficulties with eligibility criteria, UK employers**

	<b>Caused a difficulty</b>	<b>Did not cause a difficulty</b>
<i>Base: All UK respondents (541)</i>	%	%
All employed Apprentices aged 16 to 18 should be paid at least the Apprentice Rate	9	87
All employed Apprentices aged 19 or over should be paid at least the Apprentice Rate in their first year of their Apprenticeship	8	89
Those on Level 2 and 3 Apprenticeships should be paid at least the Apprentice Rate	9	89
The Apprentice Rate should be paid for time working, as well as time spent on on-the-job and off-the-job training	10	87
The Apprentice Rate is calculated as an hourly wage	8	90

*Source: Ipsos MORI*

The most frequently mentioned impact of these issues was the increased financial cost to the company, mentioned by 26% of those reporting a problem. The other reported impacts included further financially-related issues: one in ten of this group had difficulty increasing pay to the right level, especially for older Apprentices, and 7% said the rate was set too low so workers cannot cover their expenses. Three percent said the rate did not reflect the hard work of Apprentices. Outside of financial considerations, a further 8% questioned the practical benefits of college training to their company and 4% felt they did not have enough information about the Apprentice Rate.

The reported impact was therefore mixed as the Apprentice Rate was seen as too high by some and too low by others. For the former, the Rate added a financial pressure to their business or led the employer to question the return they were getting on their training investment. For the latter, the rate did not reflect the input Apprentices made to their business. The qualitative research with providers also suggested some employers wanted their Apprentices to feel valued. Furthermore, if wages were set too low, the likelihood that an Apprentice would leave would increase. This would mean the employer would have to recruit someone else to fill that role which placed an onus on the employer to provide enough pay to retain their Apprentices.

Four in ten (39%) UK employers did not know what the business had done in response to these impacts and one in five (23 per cent) said they had absorbed any issue arising i.e. purposefully made no response. The other employers saying at least one of the criterion listed in Table 11 had caused them a difficulty had either focussed the recruitment of Apprentices to specific criteria or made some form of reduction, as illustrated in Table 12 below.

**Table 12: Response made to facing difficulties with implementing the Apprentice Rate of the National Minimum wage, UK Employers**

<i>Base: All UK employers experiencing at least one difficulty with the Apprentice Rate listed on Table 11</i>	(74) %*
Did not respond (absorbed the impact)	23
Focused recruitment of Apprentices in 16-18 age band	8
Looked into increasing funding/making more funds available	5
Recruited fewer Apprentices overall	5
Reduced the amount of time spent on off-the-job training	4
Focused recruitment of Apprentices at level 2	4
Focused recruitment of Apprentices at level 3	4
Stopped recruitment of Apprentices	4
Focused recruitment of Apprentices in the 19+ age band	3
Other	8
Don't know	39

*Source: Ipsos MORI*

\* Responses total more than a hundred due to multiple response options

## Awareness of the Apprentice Rate

Seven in ten (69%) UK Apprentice employers said they were aware of the Apprentice Rate prior to the survey. This group found out about the rate from a variety of sources including learning or training providers (26%), unspecified Government sources (16%), from within their own company (15%) and Trade Associations (10%). Named Government and public sources of information were many and varied including HM Revenue and Customs (5%), national government departments (BIS/SDS/DCELLS/DELNI, 5%), Sector Skills Councils (2%) and the Low Pay Commission (1%).

Training providers report that they were made well aware of the impending introduction of the Apprentice Rate from the Spring 2010 onwards. Communications from the national administrations, Sector Skills Councils and their own networks highlighted the introduction of the new rate. Only one training provider interviewed was not fully familiar with the detailed criteria for the Apprentice Rate and that was due to their focus on engineering Apprenticeships that consistently pay well above minimum wage rates.

All training providers welcomed the introduction of the Apprentice Rate – in the main they felt that it was important to underpin the quality of the Apprenticeships on offer, especially in

those sectors where the pay rates were typically low and often close to minimum wage levels even for fully qualified employees.

In a number of cases, training providers felt that it was important that employers pay the rate for the job. This was particularly the case in Scotland, where programme guidelines require that all Apprentices have a standard contract of employment.

Training providers all recognised that they had a role to play in advising employers on programme rules. For the most part this was focused on the administration and delivery of Apprenticeships but many employers new to the programme will ask their advice on appropriate pay rates.

All providers interviewed stressed the importance of developing good quality placements for their Apprentices. In many respects, this is fundamental to offering a good service to employers and Apprentices alike – those employers who have a good experience will return for new Apprentices in the future. This focus on quality is also underpinned by the performance-related aspects of contract delivery in all nations. Providers are incentivised to maintain completion rates as high as possible and so a good quality placement (with good terms and conditions for the Apprentice) is fundamental to achieving this.

This means that training providers prefer higher wages, where possible, and, as importantly, want to see some progression in wages as the Apprentice gains new skills and experience to recognise these achievements but also encourage them to complete.

## Impact of the Apprentice Rate on the Apprenticeship Offer

UK employers thought that the main impact of the Apprentice Rate was in relation to demand from young people, although employers' views on this were mixed. Around a half (47%) of employers agreed that the Apprentice Rate had “made the work-based training route more attractive to young people” and over a third (37%) said it had “increased demand for work-based training from young people”. Albeit from a low base<sup>87</sup>, employers providing Apprenticeships in Children’s Care, Learning & Development were more likely than other employers to agree the Rate had made work based training more attractive (59%). However, around three in ten disagreed with both of these statements, so the impact was variable.

Around one in five employers in the UK (18%) agreed that the Apprentice Rate had “led them to seek alternative methods for training young people”, with employers in Low Paying Sectors more likely to agree with this statement (23%) and Scottish employers less likely to agree (11%). Employers providing Apprenticeships in Hospitality & Catering were also more likely than other UK employers to agree with this statement (24%).

More clear-cut was the perceived lack of impact on completion rates. Half (49%) of UK employers interviewed agreed that the introduction of the Apprentice Rate “made little difference to the completion of Apprenticeships by young people” whereas one in five (21%) disagreed. The “net agree” figure (subtracting the “disagree” from the “agree” data) was +28%. When analysing this statistic, there were some significant differences by framework. Employers offering Health & Social Care<sup>88</sup> and Construction<sup>89</sup> frameworks were much more likely to agree than disagree compared to other employers (net scores of +41% and +48% respectively).

Discussions with Apprentices themselves suggest that the introduction of the Apprentice Rate was broadly neutral. For many, the rate has not changed their weekly pay. Securing an Apprenticeship in the first place was a much bigger concern. Almost all said that they

<sup>87</sup> 87 respondents.

<sup>88</sup> Low Base of 83.

<sup>89</sup> Very low base of 33.

were doing the Apprenticeship because that represented the best route towards their chosen career.

In construction, the choice of Apprenticeship was relatively straightforward as this represented the only realistic choice if you wanted to get a trade. In engineering, the Apprentices, including those who had gone on to A Level or even Higher Education, felt that the Apprenticeship offered them the best way to secure a good career. All were aware that they needed to perform well in their qualifications and work practice and highlighted that they also needed to ensure that they did not get a bad reputation for poor time keeping or other disciplinary issues as these would be taken into account when they completed their qualification in their employer's assessment of who to take on. All these candidates were undertaking Level 3 qualifications

Apprentices in Low Pay Sectors had very similar views of their vocation. Hairdressers in particular, spoke of the need to work in a salon to gain real work experience. Many had considered taking a hairdressing course at college but had decided that a placement with an employer would offer much more practical experience and help them secure a job as a stylist.

Apprentices in Early Years saw the Apprentice route as close to a license to practice. Again, it is possible to undertake a College course but the Apprentices felt that this did not give the practical experience they were seeking and, importantly, did not provide them with an opportunity to prove themselves to an employer.

Many reported that they had worked hard to secure their Apprenticeship and had made repeated and numerous applications before securing a position. Some went on in their full-time education to start their A level courses as they were not able to secure an Apprenticeship when they reached school leaving age. Three had started degree courses and another had completed their Degree before starting their engineering Apprenticeship. These individuals were mostly on construction or engineering frameworks where the competition to secure a place was described as intense. Most Apprentices in these sectors were earning at least £130 per week in their first year and were not usually aware of the Apprentice Rate. Many were surprised to hear that it was £2.50 per hour which they considered to be low.

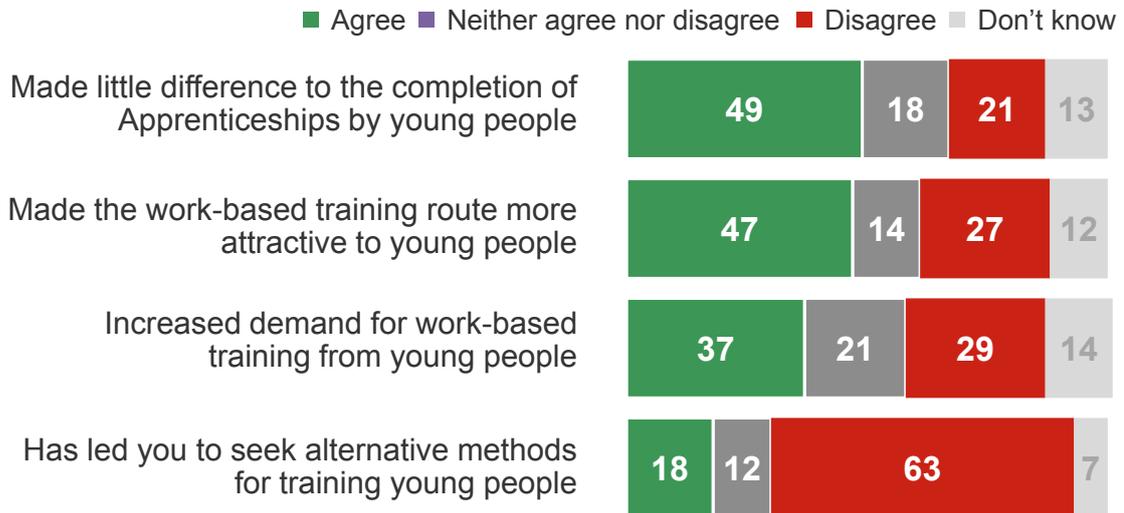
Apprentices in Low Pay Sectors report that surviving on the Apprentice Rate is a real struggle and something that they can only really afford to do with the support of their parents. A number of Apprentices noted that their parents were no longer eligible for Child Benefit when they started their Apprenticeship and yet the parents of friends who went on the Further Education College retained this as well as receiving EMA in some cases. One of the Apprentices was paying her parents the equivalent of the Child Benefit to help make up the household budget. Two other Apprentices worked part-time at other jobs to help support themselves.

All were acutely aware that they were *“the lucky ones really, at least we managed to get jobs”* [Hairdressing Apprentice, 18]. Current economic circumstances meant that the Apprentices' experience was conditioned by the quality (and economic strength) of their employer.

**Chart 17: Impact of the Apprentices Rate on demand for Apprenticeships, UK employers**

**The Apprentices rate has affected demand**

Q How strongly do you agree or disagree that the introduction of the Apprentices Rate to the National Minimum has . . . ?



Base: All respondents (541), fieldwork dates: 1<sup>st</sup> July – 30<sup>th</sup> September 2011  
Ipsos MORI

Source: Ipsos MORI  
Ipsos

There was a difference in opinion by country with employers in England much more likely to agree that the rate had affected demand by young people, as illustrated overleaf in Chart 18. One possible explanation for this difference is the structure of Apprenticeships within Scotland. The market is more traditional and has seen less growth in the new frameworks introduced over the past few years.

**Chart 18: Changing demand for Apprenticeships by country****Demand mostly increased or stayed the same**

Q And has demand from young people for Apprenticeships increased, stayed the same, or decreased in the last 12 months?



Base: All respondents (541), fieldwork dates: 1<sup>st</sup> July – 30<sup>th</sup> September 2011  
Ipsos MORI

Source: Ipsos MORI  
Ipsos

**Increasing the Apprentices Rate**

Overall, UK employers expressed limited concerns about increasing the Apprentices Rate to £2.60 per hour, indeed there was a strong feeling in some quarters that £2.60 was too low. A third (34%) of employers *strongly* disagreed that £2.60 per hour “represents a fair minimum rate to pay when employing young people in work-based training”. This was twice the number who strongly agreed with this statement.

In addition, half of UK employers (49%) disagreed that £2.60 per hour was “the right amount for the work that Apprentices do”. Just 2% of this group felt Apprentices should be paid less than this and three in ten (30%) felt they should receive at least the 2010 adult minimum wage of £5.93. The mean suggested payment by those disagreeing that £2.60 was the right amount for the Apprentices Rate was £5.16 per hour. This compares with the actual average minimum rate paid by the same employers of £5.79 an hour, as mentioned earlier.

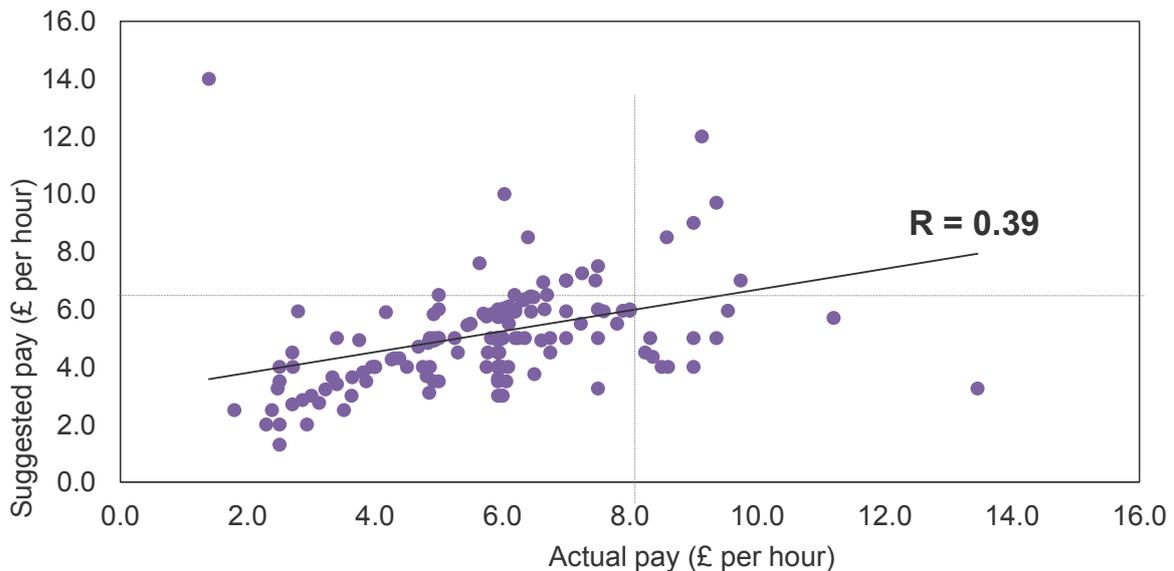
A comparison of the actual and suggested pay stated by these employers in Great Britain is provided in Chart 19 overleaf. There is a correlation between current and suggested pay as described by the r value, which is a coefficient which describes the extent to which the value on the x value increases to the same extent as the value on the y-axis. Around a third (30%) of employers matched current pay with the Apprentices Rate they suggested. Of the remainder, over three times more employers said that pay for Apprentices should be lower than they currently pay rather than higher (54% versus 16% respectively).

Discussions with national agency officials and training providers suggested that the increase to £2.60 would make no material difference to the number of Apprenticeships on offer. Many would like to see wage rates as high as possible to support the participation of young people and recognised the value of the contribution Apprentices make to their employers. Few were

able to offer any view on what might represent an upper limit. In the present economic circumstances all were wary of increasing employers' costs significantly, as this would simply result in fewer Apprenticeship places being offered.

**Chart 19: Comparison of actual and suggested pay – Great Britain**

## Comparison of suggest pay versus actual pay



Base: All employers disagreeing £2.60 was a fair rate for Apprentice pay (180),  
fieldwork dates: 1<sup>st</sup> July – 30<sup>th</sup> September 2011

Source: Ipsos MORI

Ipsos MORI



The cross-tabulation analysis of suggested pay is also interesting, especially by awareness of the legislation. Employers in Great Britain who were aware of the Apprentice Rate prior to the survey suggested a significantly lower mean minimum hourly wage (£4.93) compared to those who were unaware, who suggested a minimum mean of £5.47 per hour. There was a geographical difference in awareness of the Apprentice Rate: Welsh employers and those from the south of England more likely to be unaware, whereas employers from the remainder of England were more likely to be aware of the Rate. Although wages in the South of England are higher than those elsewhere in the UK, there were no significant differences between the Low Pay Sectors and other employers. Indeed, the evidence presented earlier shows that Low Pay Sectors were likely to pay Apprentices a higher rate compared to other sectors in the economy.

Training providers suggest that this may be a result of employers having to pay the going rate or lose their Apprentices to non-Apprentice jobs – as noted earlier, this was something that was particularly recognised in those frameworks where there was no or limited off-the-job training and Apprentices felt that they were most often just working on the same basis as their non-Apprentice colleagues.

## Summary

Seven in ten (69%) UK Apprentice employers said they were aware of the Apprentice Rate prior to the survey and their main source of information was learning or training providers (26%).

The introduction of the Apprentice Rate had minimal impact on UK employers' decisions to offer Apprenticeship places. One in eight (12%) employers offering Apprenticeships after September 2010 disagreed that the rate "made no change" to their Apprenticeship offer. Of the 77 UK employers who no longer offered Apprenticeships, 15% agreed the introduction of the rate "was the main reason for their decision not to offer Apprenticeship training". Furthermore, employers that had either increased or reduced their intake of Apprentices over the last year tended not to mention the Apprentice Rate as a reason for this change.

The small group of employers encountering problems with eligibility criteria usually faced multiple problems administering the Apprentice Rate. A negative impact regarding eligibility was also associated with an increased likelihood of offering fewer Apprenticeship places over the coming year. For businesses, the primary impact of introducing the Apprentice Rate was financial, although in a few cases, employers said that the rate being set too low was an issue for them for the reasons noted earlier i.e. there would be a risk of a high Apprentice turnover and so this did not meet their businesses needs. Qualitative discussions suggest that this is because these Apprenticeship frameworks have little off-the-job training and to some young people look very similar to just working, so they believe they deserve the same pay.

Based on the data, UK employers felt the introduction of the Apprentice Rate had led to increased demand for Apprenticeships from prospective learners, although this view was not universal amongst all. There appeared to be some national differences, with Scottish employers statistically less likely to think demand had increased compared to English employers. Discussions with Apprentices themselves suggest that the introduction of the Apprentice Rate was broadly neutral. For many, the rate has not changed their weekly pay.

Half of the sampled employers disagreed that the Apprentice Rate was "the right amount for the work that Apprentices do". Average pay levels were far in excess of the minimum, although caution should be applied as the £2.50 rate was not applicable to all Apprentices depending on their year of study and age. For four in five of this group, the amount that was suggested for the Apprentice Rate was typically the same or less than the employer was currently paying.

# Conclusions

## Conclusions

According to the employers taking part in this research, the introduction of the Apprentice Rate had a minimal impact on the number of Apprentices recruited. As the Apprentice Rate replaced a contractual minimum weekly pay rate in England of £95 (for a 37 hour week, the new rate equals £92.50 per week), the lack of impact was not surprising. Almost all qualitative discussions with national delivery teams and training providers in each nation suggested that the introduction of the Rate had had no impact on Apprenticeships. Just one training provider had experience of some hairdressing salons reducing the weekly wage of Apprentices as their contracted hours were 30-35 per week. Equally, some early years providers reported that the weekly wages of their Apprentices had increased as they worked 40 hours per week.

Apprenticeships in engineering and construction typically get paid on a sliding scale in line with the wages of a fully productive worker and, in the case of the construction sector, these are agreed nationally. Wages for Apprentices in both these sectors were well above the Apprenticeship rate, although there were reports from training providers and Apprentices that maintaining the national rates was often a challenge for small construction firms. A minority had agreed to reduce hours or pay at lower hourly rates to maintain their Apprenticeship.

The findings also suggested that the Rate was one of many elements affecting employers' overall decision-making regarding their Apprenticeship offer. Employers that had either increased or reduced their intake of Apprentices over the last year provided a wide variety of reasons for doing so, of which the Rate typically played a minor part.

However, there were some employers who said they faced difficulties with the eligibility criteria associated with the Rate. Coupled with the three in ten who were unaware of the Apprentice Rate prior to the survey, the data does suggest that some employers may fail to pay the correct amount to their Apprentices through error or ignorance of the legislation. This may also be compounded by the wide variety of information sources employers used to find out about the rate. Training providers were the most popular source of information about the Rate used by employers. This is a "second hand" source and employers were reliant on the provider passing on the correct information. This differed from "primary" information, which were the government sources cited by employers. There is therefore a regulatory impact of the rate in which employers have to ensure they are compliant with the relevant regulation and require the right information in order to be so. For their part, training providers were careful not to provide employers with advice on the actual wage they should pay but most often referred them to the National Minimum Wage legislation.

The key impact of the rate as viewed by employers was to increase demand for Apprenticeship from young people. More employers than not said the Apprentice Rate had "made the work-based training route more attractive to young people" and had "increased demand for work-based training from young people". Note that in responding to the question wording, these employers attributed these demand-side effects to the Rate, which was counter to the evidence from Apprentices themselves. In the qualitative work, Apprentices working at the time the Rate was introduced noticed no change in their pay. Overall, Apprentices were more concerned with the access an Apprenticeship gave them to a career, or that they were able to find some paying work at a time of economic difficulty. Many felt that at the current time they were lucky to be earning at all. Indeed a small number of Apprentices interviewed had not been able to secure paid work experience as part of their Programme-led Apprenticeship and had worked without wages in order to complete their qualification. The increase in demand from the Apprentices' perspective can therefore be attributed to factors other than the Apprentice Rate.

Nearly half of the employers taking part in the survey said their Apprenticeships lasted for a year or less. Three in ten employers also said they did not offer off-the-job training to Apprentices. In England, the Specification of Apprenticeship Standards for England (SASE) sets out minimum hours for guided learning hours, of which “at least 100 [hours] or 30% (whichever is the greater) must be delivered off-the-job and clearly evidenced .” No such rules apply outside of England. What this shows in England is that the Apprenticeships offered by some employers do not follow national guidelines in their structure.

The qualitative work also showed Apprentices working for an employer before enrolling on their Apprenticeship. Training providers reported that in the retail and hospitality sectors employers were keen to “try before they buy” and wanted to be sure that young people were willing to complete their Apprenticeship and continue to work in their sectors. This meant few starts were under 18 and many cases, if the employer were to introduce the Apprentice Rate, then the young people would opt not to train, particularly in circumstances where off-the-job training was very limited or non-existent.

The two points of evidence above suggest Apprenticeships are being used in some cases to accredit prior learning rather than providing additional skills to new recruits or current employees. For many employers, the Apprentice Rate is irrelevant to the setting of pay levels for Apprentices.

According to employers, the Apprentice Rate made little impact in other areas. One in five disagreed that the Rate “made little difference to the completion of Apprenticeships by young people”. A similar proportion agreed that the Rate had “led them to seek alternative methods for training young people”. This is evidence of the marginal impact on Apprentice retention rates and that relatively few employers sought alternative training methods. However, the qualitative research did show that some employers paid Apprentices an equivalent wage to their other employees and, as a consequence, did not use the Apprentice Rate in their workplace. Given the mean reported minimum hourly rate paid by employers was £5.41 and the median £5.93 (incidentally the rate of the adult National Minimum Wage at the time of the survey), it is unsurprising that they felt the £2.50 rate had little impact.

The introduction of the rate was, however, not viewed negatively by many of those taking part in the study. National teams and training providers could not recall any employer saying they would reduce numbers because of the rate. Some of the employers taking part in the survey felt that the rate was set too low and should be raised. Most of the employers surveyed expressed no concerns over October’s increase in the rate from £2.50 per hour to £2.60. However, over a third of employers agreed that £2.60 was “the right amount for the work that Apprentices do” compared to a third who said that Apprentices should at least be paid the then National Minimum Wage rate of £5.93. Overall, these figures suggest the current rate is about right because it allows flexibility on the part of the employer to offer more if they wish to. This flexibility would be removed if the rate were set too high.

# Appendix

# Appendix

## UK Topline data

### Survey of Apprentices Employers Topline Results

- Results are based on 541 responses to a questionnaire. Of these 500 were administered by a Computer Assisted Telephone Interviewing (CATI), and 41 by online surveying.
- Note that the questions and bases between the CATI and Online survey are sometimes different due to differences in the construction of an interviewer led and self-completion survey.
- Data are unweighted.
- Fieldwork between 1<sup>st</sup> July and 30 September, 2011.
- Where percentage results do not sum to 100, this may be due to multiple responses, computer rounding or the exclusion of don't knows/not stated.
- Results are based on all respondents unless otherwise stated.
- An asterisk (\*) represents a value of less than one half of one percent, but not zero.

#### A. Employer details

**For the purposes of this survey, we will refer to all of your employees undertaking <QCHECK2 = 1, "who undertook"> this course <IF MULTICODE AT QCHECK3 = "these courses"> / training as "Apprentices".**

**I would like to begin by asking you some general questions about your workplace.**

**A1. Does your business operate out of your workplace only, or from other workplaces in the UK?**

	%
1 This workplace only	66
2 Other workplaces in the UK	34
3 Don't know	*

**A2.a How many people in total work in your workplace? Please include both full time and part time employees, working proprietors and yourself, but exclude any outside contractor or agency staff? <IF CODE 2 AT A1 ABOVE> Please exclude people working in other premises.**

	%
1-4	10
5-49	69
50-249	16
250-499	2
500+	3
Don't know	1
Mean	70

A2.b **And how many Apprentices are currently employed in your workplace?**  
 <IF CODE 2 AT A1 ABOVE> **Please exclude Apprentices working in other premises.**

	%
None	9
1-4	70
5-9	10
10-14	4
15-20	3
21-30	1
31-40	*
41-50	1
51-60	1
61+	1
Don't know	1

A3. **Which of the following best matches the profile of your organisation?**

	%
Private sector – Retail	9
Private sector – Manufacturing or Construction	20
Private sector – Other services	59
Public Sector/Government	7
Charities	6

A4- **And which of these matches the sector in which your organisation operates?**  
 A7.

	%
Health or social work, including charities, residential homes, or crèches/ nurseries	23
Construction	11
Accommodation and food services	9
Education	9
Manufacturing	9
Community, social or personal service activities	8
Charities	6
Retail trade, excluding fuel sales, or sale or repair of motor vehicles	5
Transport, storage or communication	4
Agriculture, Hunting and Forestry, Fishing, Mining and Quarrying, Electricity, Gas and Water Supply	3
Business administration and support services	2
Professional, scientific and technical services	2
Public sector or public administration	2
Wholesale or retail trade, including fuel sales, or sale or repair of motor vehicles	2
Arts, entertainment and recreation	1
Financial and insurance services	1

Information technology and communication services	1
Property services	1
Wholesale trade, excluding fuel sales, or sale or repair of motor vehicles	1
Other	2
Don't know	*

**A8. Do you think that business for your own company will improve, stay the same or get worse over the next 12 months?**

*All private sector/charities. Base: 501*

	%
Improve	53
Stay the same	30
Get worse	10
Don't know	7

**B. Apprentices and work-based learning**

**As a reminder, this survey discusses your employees who you recognised as doing [INSERT FRAMEWORK FROM QCHECK1] Apprenticeship training courses.**

**B1. (CATI) We now want you to focus on the occupational area in which you have <QCHECK1 = 2, "had"> the majority of your Apprentices. Can you tell me which one that is <QCHECK1 = 2, "was">?**

**(Online) We now want you to focus on the occupational area in which you have <QCHECK1 = 2, "had"> the majority of your Apprentices. Can you tell me which one that is <QCHECK1 = 2, "was">?**

Based on Sample and question B1 for those with multiple frameworks (56)

	%
Electrotechnical	16
Business Administration	14
Health and Social Care	13
Children's Care, Learning and Development ("Early Years Care & Education" in Wales)	11
Team Leading and Management ("Management" in Wales)	11
Customer Service	11
Hospitality and catering ("Hospitality" in Wales)	9
Engineering	5
Hairdressing	2
Retail	2
Construction	-
Other	5
No answer	2

**(CATI only) For the purposes of this survey, we will refer to your employees as “Apprentices” and their courses as “Apprenticeships”.**

- B2. (CATI) **Thinking about [INSERT FRAMEWORK] courses, what is <QCHECK2 = 1, “was”> the typical length of their Apprenticeships at your premises?**

(Online) **Thinking about your [TEXT SUBSTITUTION Apprentice/s], what is <QCHECK1 = 2, “was”> the typical length of their Apprenticeship at your premises?**

	%
Less than one year	21
One year	23
More than one year but less than two years	14
Two years	9
More than two years but less than three years	3
Three years	10
More than three years	14
It varies	4
Don't know	1

- B3. (CATI) **And what is <QCHECK2 = 1, “was”> the total number of Apprentices you employ who are <QCHECK2 = 1, “were”> undertaking Apprenticeships in [INSERT FRAMEWORK]?**

(Online) **And what is <QCHECK1 = 2, “was”> the total number of Apprentices you employ <QCHECK1 = 2, “employed”> <IF ASKED B1 = 1 TO 11> who are <QCHECK1 = 2, “were”> undertaking Apprenticeships in [INSERT SELECTION AT B1]?**

*All in GB, All on multiple frameworks in NI. Base: 505*

	%
1-4	80
5-9	10
10-14	4
15-20	2
21-30	1
31-40	*
41-50	*
51-60	1
61+	-
Don't know	1

- B4. (CATI) **In the last twelve months (since June 2010), how many new Apprentices have you taken on this course?**

(Online) **In the last twelve months (since July 2010), how many new Apprentices have you taken on this course? If you haven't taken on any Apprentices in the last 12 months please type in zero.**

*All still offering training. Base: 463*

	%
None	24
1-4	58
5-9	10
10-14	4
15-20	2
21+	2
Don't know	1

- B5. (CATI) **Is this ["more" remove if B4 = 0], less or around the same as you took on in the previous year?**

(Online) **Is this more, less or around the same as you took on in the previous year?**

*All still offering training (NI... and had not taken on Apprentices in the past year). Base: 454*

	%
More	32
Less	13
Around the same	50
Don't know	5

B6. (CATI) **And why is this?**  
 (Online) **Which of the following, if any, describe why you have taken on [more/less] Apprentices this year?**

All indicating change at B5. Base, More Apprentices: 146; Less Apprentices: 60

MORE APPRENTICES	MORE %	LESS %
To train the future workforce	21	
Change in business needs	21	
Demand/interest for places has increased	12	
Increased <u>all</u> training options, including Apprenticeships	12	
This is the first year Apprentices have been taken on	9	
The number of places we can fund has increased	8	
Existing staff have poor or outdated skills	8	
The size of our premises	7	
Other budgetary, financial or cost reason	6	
Change in labour market	5	
Scarcity of skilled people in the labour market	4	
Because we need younger staff to replace an ageing workforce	3	
Change in programme design	3	
Other changes in legislation	2	
Course was offered to us	2	
Decreased other training options because Apprenticeships better meet business needs	1	
Pay levels of Apprentices/cheaper to employ than other people	1	
Other	4	
Don't know	-	
<b>LESS APPRENTICES</b>		
Change in business needs		22
No need for new Apprentices/all staff are trained		12
Decreased <u>all</u> training options, including Apprenticeships		10
Change in labour market		8
Demand/interest for places has decreased		8
The size of our premises		8
Other budgetary, financial or cost reason		8
Change in programme design		5
The number of places we can fund has decreased		5
Because of the introduction of the Apprentice Rate of the National Minimum Wage for Apprentices		3
Irregular intake of Apprentices		3
The availability of suitably qualified candidates for Apprenticeships		3
Less satisfied with training provider/college		2
Other changes in legislation		2
Increased other training options because Apprenticeships not meeting business needs		-
The availability of supervisors/mentors in the business to look after the Apprentices		-
Other		3
Don't know/ No answer		3

**B7 And, in the next 12 months, do you expect to employ more, less, or around the same number of Apprentices?**

*Base: All in GB, NI excludes those no longer offering Apprenticeships (534)*

(CATI only) [ADD FOLLOWING TEXT UNLESS Code 2-4 at QCHECK1 AND DK at QCHECK3] in [INSERT FRAMEWORK]?

	%
More	15
Less	24
Around the same	56
Don't know	6

---

B8. (CATI) **Why do you say that?**  
 (Online) **Which of the following, if any, describe why you will employ [more/less] Apprentices next year?**

All indicating change at B7. Base, More Apprentices: 80; Less Apprentices: 126

MORE APPRENTICES	MORE	LESS
Change in business needs	35	
To train the future workforce	20	
Increased <u>all</u> training options, including Apprenticeships	14	
Demand/interest for places has increased	14	
The size of our premises	13	
Because we need younger staff to replace an ageing workforce	9	
The number of places we can fund has increased	6	
Existing staff have poor or outdated skills	5	
Scarcity of skilled people in the labour market	5	
Need more staff	4	
Pay levels of Apprentices/cheaper to employ than other people	4	
Change in programme design	3	
Previous successes with Apprenticeships/training	3	
Change in labour market	1	
Decreasing other training options because Apprenticeships better meet business needs	1	
Other changes in legislation	1	
Other budgetary, financial or cost reason	-	
Other	5	
Don't know	-	
LESS APPRENTICES		
Other budgetary, financial or cost reason		22
Change in business needs		17
The size of our premises		13
Demand/interest for places has decreased		12
No need for new Apprentices/all staff are trained		10
The number of places we can fund has decreased		10
Decreasing <u>all</u> training options, including Apprenticeships		9
The availability of suitably qualified candidates for Apprenticeships		6
The availability of supervisors/mentors in the business to look after the Apprentices		5
Change in labour market		4
Want a low staff turnover		4
Other changes in legislation		2
Change in programme design		2
Not enough time		2
Less satisfied with training provider/college		2
Increasing other training options because Apprenticeships not meeting business needs		1
Because of the introduction of the Apprentice Rate of the National Minimum Wage for Apprentices		1
Other		6
Don't know		-

B9. **And has the demand from young people for Apprenticeships increased, stayed the same, or decreased in the last twelve months?**

	%
Increased	34
Decreased	13
Stayed the same	43
Don't know	11

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## B10. (CATI) And why do you say that?

(Online) Which of the following, if any, explain why you think demand for Apprenticeships has [increased/decreased] amongst young people?

All indicating change at B9. Base, More Apprentices: 184; Less Apprentices: 68

REASONS FOR INCREASE IN DEMAND	%	
	MORE	LESS
No other jobs	24	
Improves further work prospects	21	
Seen as a good way to get permanent employment	20	
Change in labour market	17	
Greater interest in Apprenticeships	13	
Well regarded qualification by Apprentices	13	
Apprentices like the practical elements of the training	9	
Well regarded qualification by employers	8	
Number of places we have available has increased	7	
Apprentices like that they earn a wage	7	
Peers reporting good experiences	4	
Government backing	2	
More advertising/media coverage/awareness of Apprenticeships	2	
Younger people wanting to do Apprenticeships	2	
Better route into work than university	1	
Funding available	1	
People think it's going to be easy	1	
People wanting to specialise in specific sectors	1	
Because of the introduction of the Apprentice Rate of the National Minimum Wage	-	
Other	6	
Don't know	2	
REASONS FOR DECREASE IN DEMAND		
Apprentices do not like the practical elements of the training		12
Change in labour market		9
People not interested in training/Apprenticeships		9
Apprentices think the wage is too low		7
People not interested in working/type of work		7
Number of places we have available has reduced		7
Poorly regarded qualification by Apprentices		6
Limited further work prospects		6
Lack of funding/poor economic climate		6
People are attending college/university instead		6
Applicants are already trained/in training		4
Fewer applicants		4
Ability of candidates		3
Lack of positive promotion		3
Peers reporting poor experiences		3
Poorly regarded qualification by employers		1
Because of the introduction of the Apprentice Rate of the National Minimum Wage		-
Other		9
Don't know		12

<b>C. Structure of the working week</b>
---

I am now going to ask you about the hours your [TEXT SUBSTITUTION IF B3 = 1, "Apprentice spends"; IF B3 > 1, "Apprentices spend" ] <QCHECK2 = 1, "spent"> working and training as part of their course.

IF NECESSARY REMIND THOSE WITH APPRENTICES ON TWO OR MORE FRAMEWORKS <FLAG ON SAMPLE> **We are focusing on the occupational area in which you have the majority of your Apprentices.**

- C1. (CATI) **Firstly, how many hours a week** TEXT SUBSTITUTION [IF B3 = 1, "is your Apprentice"; IF B3 > 1, "are your Apprentices; QCHECK2 = 1 AND B3 =1, "was your Apprentice"; QCHECK2 = 1 AND B3 >1, "were your Apprentices">] **contracted by you to spend working and training, excluding meal breaks and any overtime?**

(Online) **Firstly, how many hours a week** [TEXT SUBSTITUTION is/are your Apprentice/s] <QCHECK1 = 2, "were/was your Apprentice/s"> **contracted by you to spend working and training, excluding meal breaks and any overtime? If the amount of hours spent working and training varies from week to week please give us the average hours spent.**

	%
Under 16 hours	5
16-18 hours	4
19-24 hours	4
25-30 hours	11
31-36 hours	17
37-42 hours	51
43+ hours	2
Don't know	7

- C2. (CATI) [TEXT SUBSTITUTION IF B3 = 1, "Does your Apprentice", IF B3 > 1, "Do your Apprentices"<QCHECK2 = 1 "Did your Apprentice/s"> **take part in off-the-job training as part of their Apprenticeship?**

***Off-the-job training* is training away from their everyday work. This can include courses, workshops, training sessions, distance Learning, Workbooks, CD-ROMs etc. Off-the-job training could still be at the place they work, but would be away from their everyday work area.**

(Online) [TEXT SUBSTITUTION Does/do your Apprentice/s] <QCHECK1 = 2 "Did your Apprentices"> **take part in off-the-job training as part of their Apprenticeship?**

***Off-the-job training* is training away from their everyday work. This can include courses, workshops, training sessions, distance learning, workbooks, CD-ROMs etc. Off-the-job training could still be at the place they work, but would be away from their everyday work area.**

	%
Yes	69
No	31
Don't know	1

- C3. (CATI) **How many hours a week** [TEXT SUBSTITUTION IF B3 = 1, "Does your Apprentice", IF B3 > 1, "Do your Apprentices] <QCHECK2 = 1 "Did your Apprentice/s"> usually spend on off- the-job training as part of their Apprenticeship?

(Online) **How many hours a week** [TEXT SUBSTITUTION does/do your Apprentice/s] <QCHECK1 = 2 "Did your Apprentice/s"> usually spend on off-the-job training as part of their Apprenticeship? If the amount of hours spent on off-the-job training varies from week to week please note the average hours spent.

*All doing off-the-job training. Base: 371*

	%
1-2 hours	25
3-4 hours	13
5-6 hours	10
7-9 hours	27
10-12 hours	4
13+ hours	5
Don't know	17

- C4. (CATI) **And** [TEXT SUBSTITUTION IF B3 = 1, "Does your Apprentice", IF B3 > 1, "Do your Apprentices] <QCHECK2 = 1, "Did your Apprentice/s"> take part in on-the-job or informal training and development?

***On-the-job training*** is training where someone in the organisation provides advice, shows them how to do something or coaches them whilst doing their everyday work.

(Online) **And** [TEXT SUBSTITUTION does/do your Apprentice/s] <QCHECK1 = 2, "Did your Apprentices"> take part in on-the-job or informal training and development?

***On-the-job training*** is training where someone in the organisation provides advice, shows them how to do something or coaches them whilst doing your everyday work.

	%
Yes	95
No	5
Don't know	*

- C5. (CATI) **How many hours a week** [[TEXT SUBSTITUTION IF B3 = 1, "Does your Apprentice", IF B3 > 1, "Do your Apprentices] <QCHECK2 = 1, "Did your Apprentice/s">usually spend on getting *on-the job training*?

(Online) **How many hours a week** [TEXT SUBSTITUTION does/do your Apprentice/s] <QCHECK1 = 2, "Did your Apprentices">usually spend on getting *on-the job training*? If the amount of hours spent on on-the-job training varies from week to week please note the average hours spent.

*All doing on-the-job training. Base: 514*

	%
1-6 hours	39
7-12 hours	9
13-18 hours	6
19-24 hours	5
25-30 hours	10
31-36 hours	18
37-42 hours	-
43+ hours	-
Don't know	13

<b>D. Apprentice Pay</b>
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I am now going to ask you some questions about your Apprentices' pay.

APPRENTICES ON MORE THAN ONE FRAMEWORK We want you to continue thinking about the course on which you have the majority of our Apprentices.

- D1. (CATI) Can you tell me the <IF B3>1 = "minimum"> amount you pay <QCHECK2 = 1, "paid"> your [TEXT SUBSTITUTION IF B3 = 1, "Apprentice" IF B3 > 1, "Apprentices"] BEFORE any deductions for tax and national insurance? Please do not include bonuses, tips or overtime.

(Online) Can you tell me the minimum amount you pay your [TEXT SUBSTITUTION Apprentice/s] BEFORE any deductions for tax and national insurance? Please do not include bonuses, tips or overtime.

Base: All in GB, NI excludes those no longer offering Apprenticeships (534)

£0 - £1.99	2
£2.00 - £2.39	2
£2.40 - £2.49	1
£2.50 - £2.60	6
£2.61 - £3.63	8
£3.64 - £4.91	7
£4.92 - £5.92	12
£5.93+	39
Don't know	18
Refused	4
Mean (per hour)	£5.41
Min	£0.00
Max	£20.00

- D2. Are all your Apprentices on this course paid roughly the same amount, or does their pay vary?

All with more than one Apprentice. Base: 278

	%
Roughly same amount	54
Pay varies	43
Don't know	3

D3a. (CATI) **What are the main factors that determine the wage you pay** <QCHECK2 = 1, "paid"> **your** [TEXT SUBSTITUTION IF B3 = 1, "Apprentice", IF B3 > 1, "Apprentices"]?

(Online) **What are the main factors that determine the wage you pay** <QCHECK1 = 2, "paid"> **your** [TEXT SUBSTITUTION IF B3 = 1, "Apprentice", IF B3 > 1, "Apprentices"]?

*Base: All in GB, NI excludes those no longer offering Apprenticeships (534)*

	%
Their level of study	25
The age of the Apprentice	21
Their occupation within the organisation	21
National minimum wage legislation for Apprentices	20
Their progress/competence during the Apprenticeship	13
The duration of the Apprenticeship (e.g. 1, 2, 3 or more years)	10
What other employers pay their Apprentices	5
Advice provided by the training provider	4
Determined by an existing company policy/standard wages/owner/Head office	4
Financial status of company	3
Skill/experience/knowledge level	3
Everyone gets the same wage	2
Advice from trade body	1
Location/Area of work	1
Apprentices get an hourly rate	1
Number of hours worked	1
Other	3
Don't know	7

D3 **Does/do/did your Apprentice(s) receive any of the following extra pay or benefits, in addition to their gross pay**

	%
Bonuses from the company	20
Accommodation or meals	18
Tips from customers	12
Extra payments for meeting set milestones during their Apprentice training	9
A lump sum when they complete their Apprenticeship	3
A lump sum when they begin their Apprentice training	1
A lump sum at the end of their first year of the apprenticeship	1
None of these	57
Don't know	1

- D4. **In the last three years, have you received a wage subsidy from the Government to help support your business? IF YES Was this for taking on an Apprentice/s, or another employee/s, which would help cover the costs towards their wages?**

*Base: All in GB only (500)*

	%
Yes – for taking on an Apprentice/s	8
Yes – for taking on another employee/s	2
No	79
Don't know	11

- D5. **Would you still have employed the Apprentice/s without the wage subsidy from the Government?**

*All those receiving a wage subsidy for an Apprentice. Base: 42*

	%
Definitely	36
Very likely	14
Fairly likely	10
Fairly unlikely	19
Very unlikely	10
Definitely not	10
Don't know	2

- D6. **Would you have employed more Apprentices in the last three years if you had received an Apprentice wage subsidy from the Government?**

*All those not receiving a wage subsidy for an Apprentice. Base: 401*

	%
Definitely	19
Very likely	16
Fairly likely	24
Fairly unlikely	12
Very unlikely	12
Definitely not	10
Don't know	6

<b>E. Awareness of the Apprentice Rate of the National Minimum Wage</b>
---

In October 2010, a National Minimum Wage rate for Apprentices aged under 19 of £2.50 gross per hour was introduced. Apprentices aged 19 or above must be paid at least this rate for their first year of study, after which they must be paid at least the National Minimum Wage rate for their age group.

E1. Before this interview, were you aware, or not, of the National Minimum Wage rate for Apprentices?

	%
Yes, aware	69
No, not aware	30
Don't know	1

E2. From whom did you originally find out about the introduction of the Apprentice Rate of the National Minimum Wage for Apprentices?

*All those aware of the NMW rate for Apprentices. Base: 374*

	%
A learning/training provider/college	26
Other government source	16
From within the company	15
Trade Association/Body	10
HM Revenue and Customs	5
In the news/newspapers	3
Other non-Government website	3
Another employer	2
Sector Skills Council	2
Department for Employment and Learning (DELNI)	2
Department for Business Innovation and Skills (BIS)	1
Department for Children, Education, Lifelong Learning and Skills (DCELLS)	1
Low Pay Commission	1
ACAS	1
CIPD	1
Friends/family	1
National Apprenticeship Service	1
HR department	1
Other media sources	1
Own research	1
Trade Union	1
Skills Development Scotland (SDS)	*
Other	2
Can't remember/Don't know	12

<b>F. Impact of the Apprentice Rate of the National Minimum Wage</b>
--

## F1. Earlier you said ...

- a) ... you had taken on <IF CODE 1 AT B5: more>< IF CODE 2 AT B5: less> Apprentices than twelve months ago.
- b) ... you expect to employ <IF CODE 1 AT B7: more>< IF CODE 2 AT B7: less>, Apprentices over the next twelve months.
- c) ... the demand for Apprenticeships had <IF CODE 1 AT B9: increased>< IF CODE 2 AT B9: decreased> over the last twelve months.
- d) ... you no longer employ Apprentices.

To what extent, if at all, did the introduction of the Apprentice Rate of the National Minimum Wage impact on this decision?

<i>Bases – response to earlier question</i>	a	b	c	d
To a great extent	7	5	10	6
To some extent	10	18	23	8
Not at all	81	76	59	81
Don't know	3	1	9	5

## F2. The following criteria apply to the Apprentice Rate of the National Minimum Wage. Have any of these caused difficulties for your organisation?

The Apprentice Rate is £2.50 gross per hour.

	Yes	No	Don't know	Not applic.
	%	%	%	%
A All employed Apprentices aged 16 to 18 should be paid at least the Apprentice Rate.	9	87	2	2
B All employed Apprentices aged 19 or over should be paid at least the Apprentice Rate in their first year of their Apprenticeship.	8	89	2	1
C Those on Level 2 and 3 Apprenticeships should be paid at least the Apprentice Rate.	9	89	2	-
D The Apprentice Rate should be paid for time working, as well as time spent on on-the-job and off-the-job training	10	87	3	-
E The Apprentice Rate is calculated as an hourly wage	8	90	2	-

- F3a. **You said you had difficulties with one or more of the criteria for the Apprentice Rate of the National Minimum Wage. Can you tell me what difficulties you had?**  
*All experiencing at least one difficulty at F2. Base: 74*

Increased financial cost to the company	26
Cannot afford increasing their pay/older Apprentices	11
College/training not practically beneficial to the Apprentice/company	8
NMW is too low/cannot cover expenses	7
Do not have enough information about NMW	4
Pay does not reflect how hard Apprentices work	3
Other	11
Don't know/no answer	35

- F3b. **And what was your response to this?**  
*All experiencing at least one difficulty at F2. Base: 74*

Focused recruitment of Apprentices in 16-18 age band	8
Looked into increasing funding/making more funds available	5
Recruited fewer Apprentices overall	5
Reduced the amount of time spent on off-the-job training	4
Focused recruitment of Apprentices at level 2	4
Focused recruitment of Apprentices at level 3	4
Stopped recruitment of Apprentices	4
Focused recruitment of Apprentices in the 19+ age band	3
Reduced the amount of time spent on on-the-job training	-
Reduced the total hours Apprentices are employed	-
Did not respond (absorbed the impact)	23
Other	8
Don't know	39

The Apprentice Rate of the National Minimum Wage for apprentices aged under 19 of is £2.50 gross per hour. Apprentices aged 19 or above must be paid at least this rate for their first year of study, after which they must be paid at least the National Minimum Wage rate for their age group.

F4. How strongly do you agree or disagree that the introduction of the Apprentice Rate of the National Minimum Wage has ...?

		Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree	Don't know
		%	%	%	%	%	%
A	Increased demand for work-based training from young people	12	25	20	13	16	14
B	Made little difference to the completion of Apprenticeships by young people	20	29	18	13	8	13
C	Made the work-based training route more attractive to young people	17	30	14	13	14	12

F5. And thinking about your organisation, how strongly do you agree or disagree that the introduction of the Apprentice Rate of the National Minimum Wage for apprentices ...?

		Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree	Don't know
		%	%	%	%	%	%
A	...Has led you to seek alternative methods for training young people	8	10	12	27	36	7
B	<i>Base: 463</i> ...Has made no change to your offering of Apprenticeship places	51	25	7	6	6	5
C	<i>Base: 77</i> Was the main reason for your decision not to offer Apprentice training	10	5	8	26	45	5

F6. In October 2011, the Apprentice Rate of the National Minimum Wage will increase to £2.60 per hour. How strongly do you agree or disagree that this ...?

		Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree	Don't know
		%	%	%	%	%	%
A	<b>Represents a fair minimum rate to pay when employing young people in work-based training</b>	17	24	8	12	34	4
B	<b>Will cause financial difficulties for your business</b>	4	4	5	28	54	4
C	<b>Will make it less likely that you will take on Apprentices in the next 12 months</b>	6	7	8	23	52	3
D	<b>Is the right amount for the work that your Apprentices do/did</b>	14	23	10	10	39	5
E	<b>Makes your business uncompetitive compared to others that do not offer Apprenticeship training</b>	8	9	10	25	39	10

F7. You disagreed that £2.60 is the right level of pay for the work your Apprentices do. What level of gross pay per hour is appropriate for your Apprentices?

All who "disagree" at question F6D. Base: 265

	%
£0-£2.49	2
£2.50-£3.63	12
£3.64-£4.91	19
£4.92-£5.92	25
£5.93-£6.93	24
£6.94-£7.94	3
£7.95+	3
Don't know	12

<b>G. FIRMOGRAPHICS</b>
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Finally, I want to ask you some questions to check I am speaking to a range of organisations.

G1. How long has your organisation/the organisation you work at been operating?

	%
Less than a year	1
A year to two years	4
Three to five years	11
Six to ten years	14
Eleven to twenty years	22
More than twenty years	48
Don't know	1

G2. And for how long has your organisation been employing Apprentices?

	%
Less than a year	10
A year to two years	12
Three to five years	17
Six to ten years	18
Eleven to twenty years	12
More than twenty years	23
Don't know	7

G3. In what country/region is your workplace based? (CATI only)

*Base: All in GB only (500)*

	%
Scotland	20
North East	4
North West	9
Yorkshire/Humberside	5
East Midlands	6
West Midlands	8
Wales	19
East of England	4
London	4
South East (Excluding London)	10
South West	9
Multi-Regional/National	2
Don't know	*

- G4. **This research forms part of a study that The Low Pay Commission is conducting on the introduction of the National Minimum Wage for Apprentices. Would you be happy to be re-contacted by The Low Pay Commission, or Ipsos MORI, for further research in this area? (CATI only)**

*Base: All in GB only (500)*

	%
Yes – both The Low Pay Commission and/or Ipsos MORI may recontact	64
Only The Low Pay Commission may recontact	*
Only Ipsos MORI may recontact	*
No	35

**Screening profile data – main framework offered.**

	%
Customer Service	3
Business Administration	14
Retail	2
Health & Social Care	15
Engineering	9
Children's Care, Learning and Development	16
Hospitality and Catering	11
Hairdressing	5
Construction	6
Team Leading and Management	4
Electrotechnical	4
Other	10
Don't know	*

## Further Details on Quantitative Survey Methodology

CATI is a sample-led method of conducting interviews with a research audience. In this case, a sample of employers was derived from Government data sources, notably records associated with Apprentice learner data in all countries. The sample was held in a machine-readable form and a sample management system used to manage all of the records. The CATI system selects contacts at random and then makes a call to an employer which, when answered, is picked up by an interviewer who then seeks permission to conduct an interview with the target individual.

The questionnaire scripting process involves taking the agreed questionnaire and turning it into a computer programme designed to collect data. The Ipsos MORI research team then went through an exhaustive testing procedure to ensure the script faithfully represented the final signed off questionnaire.

When employers agreed to take part in the survey, the interviewer then went through each question on-screen and recorded the individual's answers on their terminal. Some questions were routed which means they were only asked if specific answers were given to earlier questions. Data was therefore collected during the process in a computer-readable form ready for data processing.

The quality checks Ipsos MORI undertakes during telephone fieldwork include monitoring ten per cent of all completed interviews, which exceeds the five per cent set by Interviewer Quality Control Scheme guidelines<sup>90</sup>. All interviewers also received a face-to-face briefing conducted by a senior member of the project team to ensure that interviewers and supervisors understand the objectives of the research.

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<sup>90</sup> An independent organisation, working with providers and buyers of market fieldwork to develop and maintain high standards of data collection in the Market Research Industry. See IQCS website: <http://www.iqcs.org/>