

Apprentice Pay: sticking to the rules

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Executive Summary

Apprenticeships can be a great way for people to combine learning and earning and for employers to meet their skills needs. This is why they have stood the test of time in many countries and why increases in their numbers in England over recent decades is welcome, with a current target of three million apprenticeship starts in the five years to 2020.

It is also why a lower wage has often formed part of apprenticeships – recognising that employers are investing in training and that individuals should benefit from this training through their careers. This is reflected in the National Minimum Wage rules: apprentices are entitled to a minimum of £3.50 per hour, compared to £7.05 for those aged 21-24 and £7.50 for those aged 25 and over. Apprentices aged 19 and over are entitled to their higher age-related minimum from the second year of their apprenticeship, and the 20% minimum off-the-job training required in all apprenticeships must be paid.

It is important that everyone sticks to the rules of the game. However, the Government's 2016 Apprenticeship Pay Survey suggested one in five apprentices were paid less than their legal minimum entitlement, rising to one in two in sectors like hairdressing. The survey depended on apprentices reporting their hours and pay, sometimes based on their payslip, so there is room for reporting error. But this would have to be on an industrial scale to explain all of this reported underpayment.

To better understand this reported non-compliance with minimum wage rules, we surveyed 2,000 employers and undertook focus groups with apprentices, organised by the National Society of Apprentices.

The findings show a substantial minority of employers are unsure of the rules. One in five employers (22%) had not heard of the Minimum Wage for apprentices; 54% did not know an apprenticeship required off-the-job training, and 41% did not know minimum pay for apprentices aged over 19 increases in the second year of their apprenticeship. Perhaps more pressingly, more than one in five current and recent employers of apprentices were unaware of each of these rules.

Businesses were most likely to get information on wage rules from their HR team (where they had one), government websites, and education and training providers. Apprentices said they might not feel comfortable raising questions about pay, and that being underpaid would have a big impact on their life quality and ability to pay household bills.

We propose the following recommendations:

- **Employer awareness.** The Government should make improving awareness of the wage rules for apprentices a priority. This should include general action to increase awareness among employers, including through Chambers of Commerce and intermediaries such as accountants. It should also include clearer guidance about off-the-job training requirements;

- **Rights and responsibilities.** Training providers should take greater responsibility in ensuring individuals, employers and apprentices are aware of the rules and how entitlements will change through the apprenticeship. This could include writing these into the Apprenticeship Agreement signed by employer and apprentice;
- **Enforcement.** There is little evidence of large scale deliberate non-compliance by employers. However, it is important that apprentices and unions know how rights can be enforced and that the Government takes a proactive approach in enforcing rights.

Introduction

Apprenticeships have a long history of combining a job with substantial education and training, and can be an effective way for employers to meet their skills needs. This is why they have stood the test of time in many countries.

In the UK today, apprenticeships have a wide focus, including on all ages, a range of levels, and existing as well as new employees. Changes in the UK economy, and the importance of skills to prosperity in Brexit Britain, are likely to increase the importance of apprenticeships.

Successive governments have worked to expand apprenticeships – with a current target of three million apprenticeship starts in England in the five years to 2020.¹ Recent apprenticeship reforms have also changed the ways in which apprenticeships are funded, and employers with a annualised payroll of over £3 million are now paying into the apprenticeship levy, which could result in more employers than ever offering apprenticeship opportunities.

Partly in recognition that employers are investing in training and that individuals should benefit from this training through their careers, apprentices are often paid a lower wage. This is reflected in the National Minimum Wage rules²: apprentices are entitled to a minimum of £3.50 per hour, compared to £7.05 for those aged 21-24 and £7.50 for those aged 25 and over. Apprentices aged 19 and over are entitled to their higher age-related minimum from the second year of their apprenticeship, and the 20% minimum off-the-job training required in all apprenticeships must be paid.

It is important that employers are aware of the Minimum Wage rules for apprentices and honour this requirement, as well as other pay-related rules. However, the Government's 2016 Apprenticeship Pay Survey suggested one in five apprentices were paid less than their legal minimum entitlement, rising to one in two in sectors like hairdressing³. The survey depended on apprentices reporting their hours and pay, sometimes based on their payslip, so there is room for reporting error. But this would have to be on an industrial scale to explain all of this reported underpayment.

In order to better understand the issues surrounding the reported under-payment of apprentices, Learning and Work Institute (L&W) undertook research to explore employers' understanding of the Minimum Wage for apprentices. We also explored factors that contribute to employer understanding and compliance, and the impact non-compliance has on apprentices. The research involved a survey of more than

¹ <https://www.gov.uk/government/news/government-kick-starts-plans-to-reach-3-million-apprenticeships>

² <https://www.gov.uk/national-minimum-wage-rates>

³ Department for Business, Energy and Industrial Strategy (2017) *Apprenticeship Pay Survey 2016: Great Britain*
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/630070/apprenticeship-pay-survey-2016-report-gb.pdf

2,000 employers as well as focus groups with apprentices, organised by the National Society of Apprentices.

This report presents the findings from our research and makes recommendations for improving employer awareness of and compliance with the National Minimum Wage for apprentices.

Methodology

The research took a mixed methods approach, involving a survey of employers and focus groups with apprentices. We also consulted with a small number of apprenticeship providers and provider representative organisations to test out messages and ideas.

The survey of employers was conducted via a B2B omnibus of 2,046 senior decision makers in a cross-section of organisations. Just over one half (53%) of employers that responded to the survey are small, 13 per cent are medium and a third (34%) are large employers (Table 1).

Table 1: Employer size

	Number of employers	% of employers
Small (less than 50 employees)	1080	53
Medium (50-249 employees)	270	13
Large (250+ employees)	696	34

Base: all employers (unweighted) (n=2046)

Employers surveyed represented a range of industries (Table 2). Just over one in ten employers operate mainly in Finance & Accounting (13%), Manufacturing (12%), Retail (12%), IT & Telecoms (12%). Nine percent of businesses work in Media/Marketing/Advertising/PR & Sales, 8% are in Construction and 6% work in Hospitality & Leisure. Fewer than 5% of respondents represented employers in the following sectors: Medical and health services (4%), Legal (4%), Education (3%), Transportation & Distribution (3%) and Real Estate (2%).

Table 2: Employer sector

	No. of employers	% of employers
Finance and accounting	257	13
Manufacturing	239	12
Retail	238	12
IT and telecoms	237	12
Media/marketing/advertising/PR & sales	184	9
Construction	169	8
Hospitality and leisure	125	6
Medical and health services	84	4
Legal	78	4
Education	68	3
Transportation and distribution	66	3
Real estate	43	2

Other	258	13
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Base: all employers (unweighted) (n=2046)

Employers were asked:

- whether they employ, or have employed, apprentices;
- to identify sources from which they receive, or would expect to receive information about apprentice pay;
- to indicate their awareness of national minimum wage, national living wage and minimum wage for apprentices; and
- to indicate their awareness of 'off the job' training requirements and increases in the minimum rate of pay after the first year for apprentices aged 19 and over.

Apprentice voice is critical in supporting our understanding of the impact of non-compliance with rules on apprentice pay. In partnership with the National Society of Apprentices, two apprentice focus groups were held to explore their response to the data, their own experience of apprentice pay and their wider perceptions of issues around apprentice pay. Fourteen apprentices took part in the focus groups, representing a range of age groups, genders, and ethnicities.

While apprentices were completing a variety of apprenticeships (including business administration, project management, and engineering), most of the apprentices worked for large employers, with many working in the engineering sector. Only one reported a direct experience of being paid less than the minimum wage on a contractual basis, but several referred to the risk of this occurring due to hours spent working and studying.

The survey findings were also tested with apprenticeship providers and provider representative organisations, to explore providers' role in ensuring employers are informed of national apprentice minimum wage.

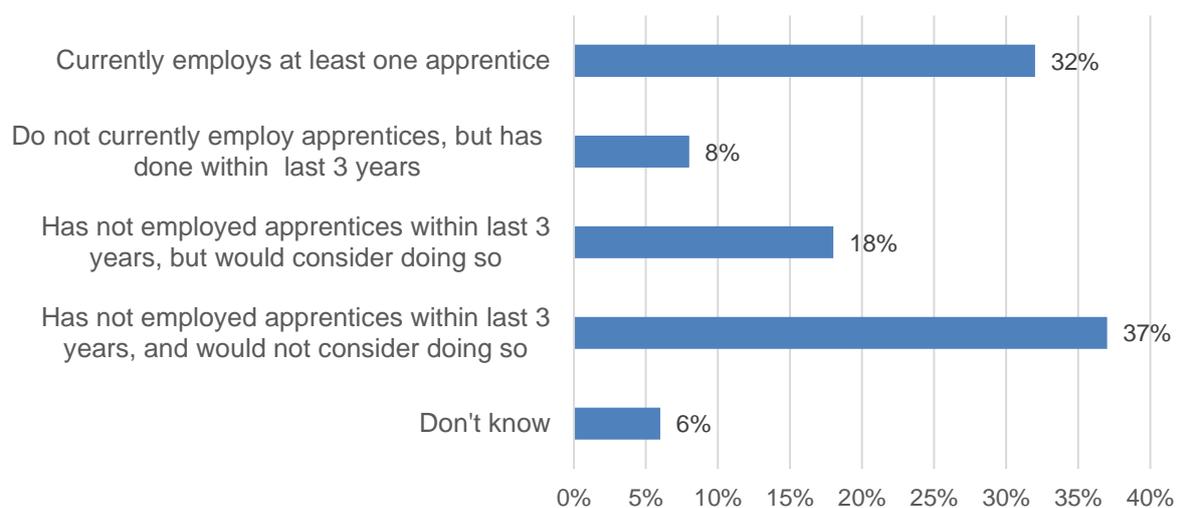
Findings

Who employs apprentices?

Of the 2,000 employers surveyed as part of this research, almost one third (32%) currently employ an apprentice, with a further 8% having done so in the previous three years.

Although over one half of employers (55%) had not employed an apprentice in the last 3 years, 18% said that they would consider doing so in the future. Thirty-seven percent of employers said they would not consider employing apprentices in the future.

Figure 1: Employer engagement with apprenticeships



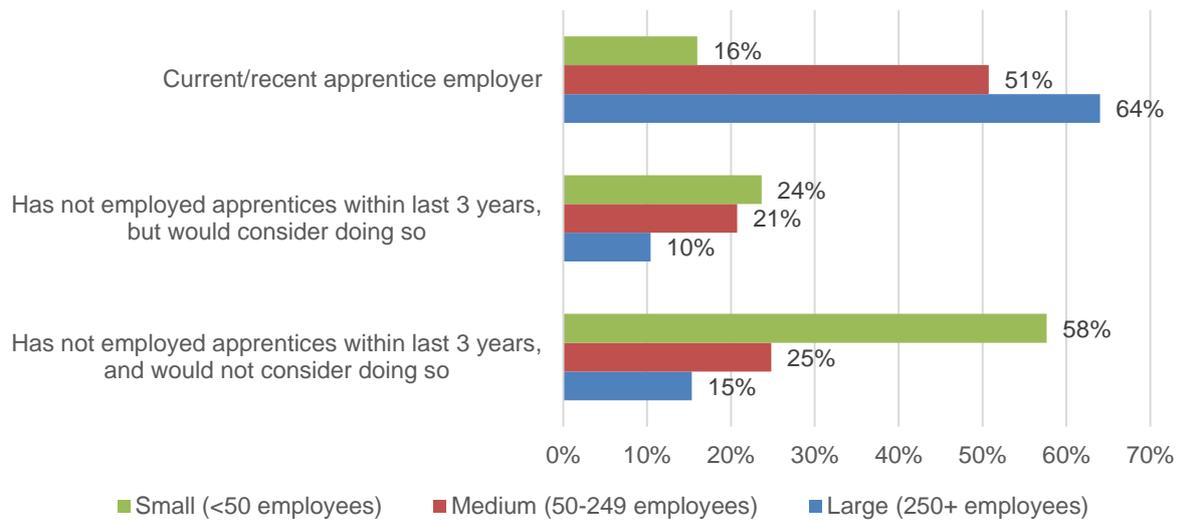
Base: all employers (n=2046)

Within our survey, those who had currently or recently employed an apprentice were more likely to be medium or large employers (Figure 2). Two-thirds (64%) of businesses with 250 or more employees had employed an apprentice over this period, compared with 51% of those with 50-249 employees and 16% of small employers.

Business turnover is also a factor. Only one in seven (14%) of those with an annual turnover of less than £1m have employed an apprentice in the last 3 years, compared with 44% of those with a turnover between £1-10m and 64% of those with a turnover in excess of £10m.

Businesses who have been in operation for longer are also more likely to employ apprentices, with 14% of those operating for fewer than 5 years doing so, compared with 37% of those operating between 10-20 years and 58% of those operating in excess of 35 years.

Figure 2: Employer engagement with apprenticeships, by number of employees



Base: all employers (n=2046)

By sector (Figure 3), businesses in Transportation & Distribution (65%), Manufacturing (56%), Construction (47%) and Medical & Health Services (47%) were most likely to employ apprentices in the last 3 years. This is in contrast to just 15% of businesses in Media, Marketing, Advertising, PR & Sales.

Regional variation also exists (Figure 4), with businesses in the North East (50%), North West (45%) and Scotland (45%) most likely to employ apprentices, and those in Wales (30%), the South West (34%) and South East (35%) least likely to do so.

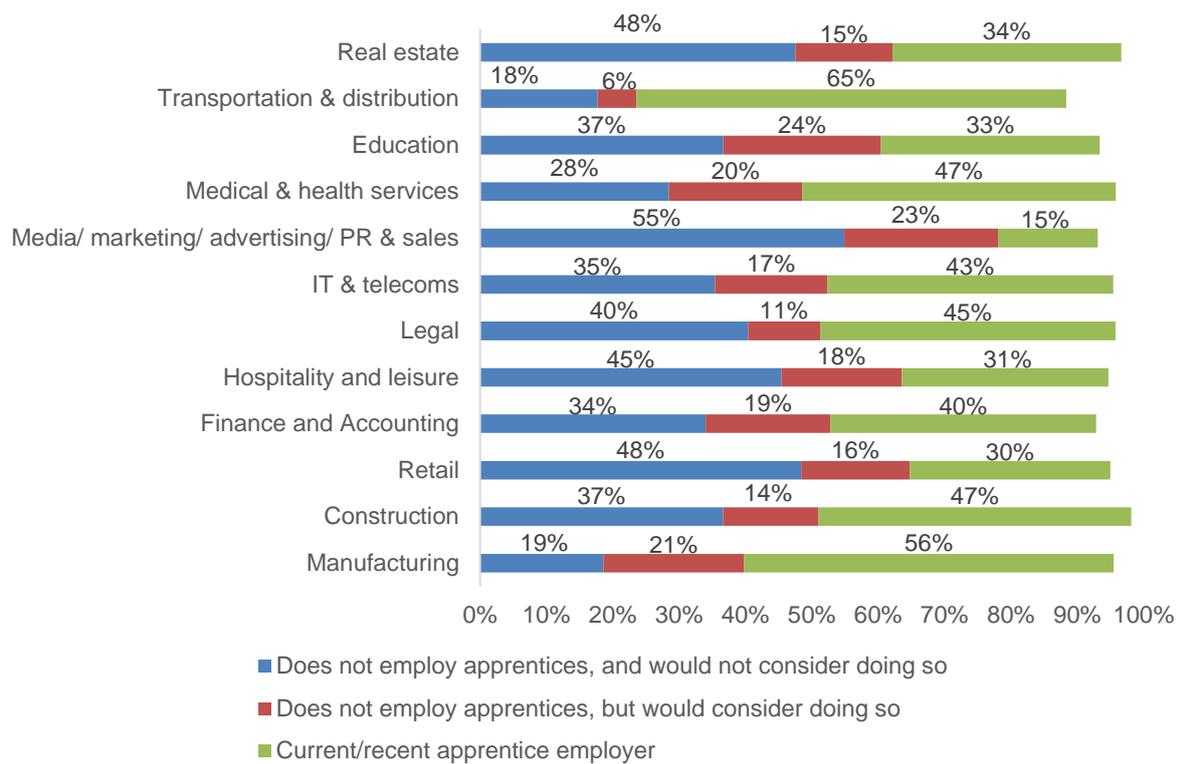
Fifty-five percent of the businesses surveyed have not employed an apprentice in the last 3 years – with 37% saying that they would not consider doing so in the future. While the majority of these businesses are small and medium sized employers, Fifteen percent of large employers – many of whom will be Levy payers – are not intending to employ apprentices.

Fifty-five percent of businesses in Media, Marketing, Advertising, PR & Sales have not employed an apprentice in the last 3 years and say that they would not consider doing so in the future, as do 48% of businesses in the Retail and the Real Estate⁴ sectors, and 45% of hospitality & leisure businesses.

Half of all Welsh businesses do not intend to employ apprentices in the future, along with 45% of businesses in the East of England, 43% in the South West and 42% in Yorkshire and the Humber. Despite relatively low levels of employer engagement with apprenticeships in the South East at present, employers in this region are most likely to say (23%) that they would consider doing so in the future.

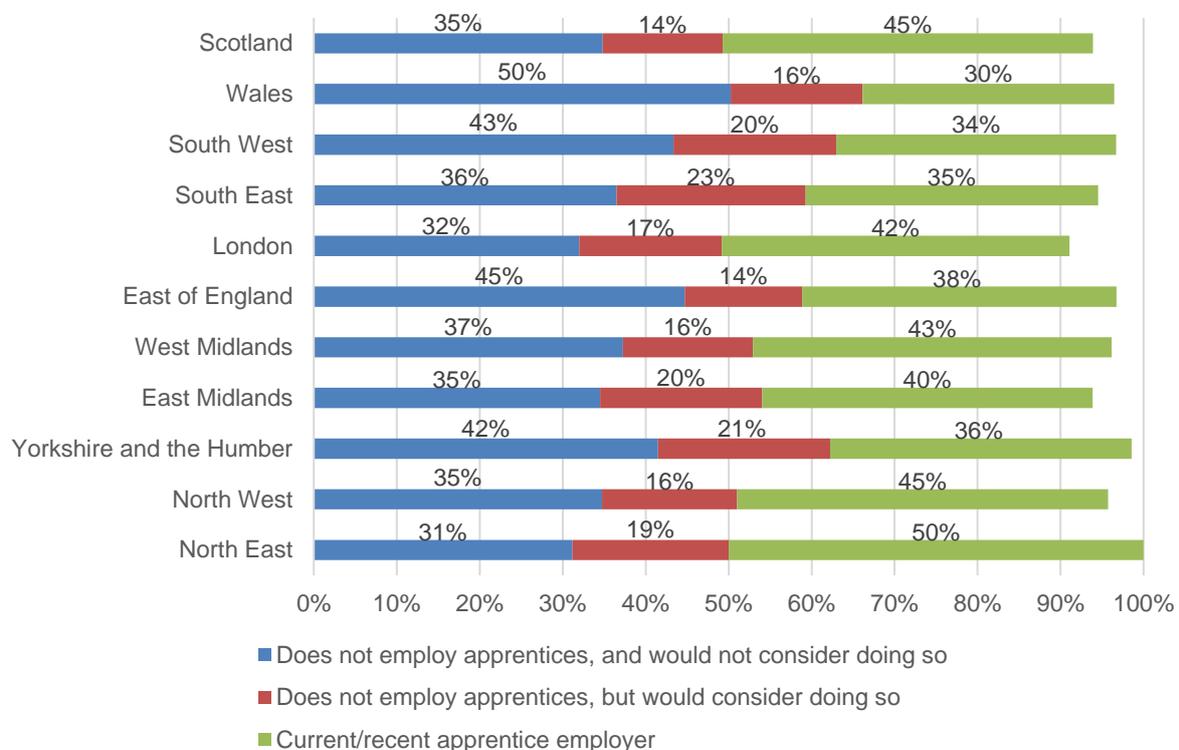
⁴ The small sample size of employers in the Real Estate sector, means that this data is not statistically reliable and should be interpreted with care.

Figure 3: Employer engagement with apprenticeships, by sector



Base: all employers (n=2046); Figure 3 excludes those who say, 'don't know'

Figure 4: Employer engagement with apprenticeships, by region



Base: all employers (n=2046); Figure 4 excludes those who say, 'don't know'

Are employers aware of minimum pay levels?

Encouragingly, there is almost universal awareness among those surveyed of the National Minimum Wage (NMW, 98%) and National Living Wage (NLW, 96%). Nearly half of respondents (49%) knew the hourly NMW wage rate, and two-fifths (40%) knew the hourly NLW wage rate. Employers indicated higher levels of awareness of NMW and NLW than apprentices responding to the Apprenticeship Pay Survey 2016, which showed that 95% of apprentices working towards Level 2 or 3 were aware of NMW and 73% were aware of NLW.⁵

Awareness of the Minimum Wage for apprentices is lower – one in five employers (22%) had not heard of it. However, 78% of employers are aware and 28% know the hourly rate.

As would be expected, awareness increases among those who employ apprentices, where 87% are aware of the Minimum Wage for apprentices and 44% know the hourly wage rate. Awareness of the Minimum Wage for apprentices was also lower amongst apprentices, with two-thirds (66%) of those working towards Level 2 or 3 being aware of this and 28% being aware of the hourly rate.

The Apprenticeship Pay Survey 2016 found a link between levels of awareness and non-compliance, with higher levels of non-compliant pay experienced by those who were not aware of the Minimum Wage for apprentices and the hourly rate. Just under a fifth (17.5%) of apprentices who indicated they knew the minimum hourly rate for apprentices received non-compliant pay.⁶

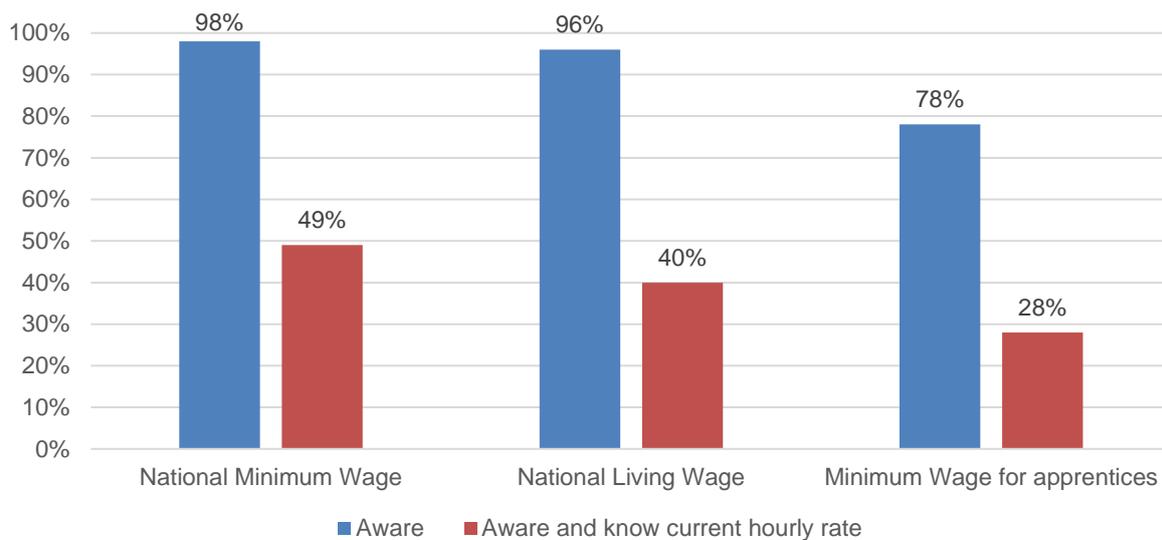
Among businesses who have not employed an apprentice in the previous three years, there is a 10-percentage point difference in awareness of the Minimum Wage for apprentices between those who would consider employing an apprentice in the future and those who say they would not (79% awareness-would consider; 69% awareness-would not consider).

⁵ Department for Business, Energy and Industrial Strategy (2017) *Apprenticeship Pay Survey 2016: Great Britain*

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/630070/apprenticeship-pay-survey-2016-report-gb.pdf, p. 83

⁶ Ibid

Figure 5: Employer awareness of wage regulations and rates

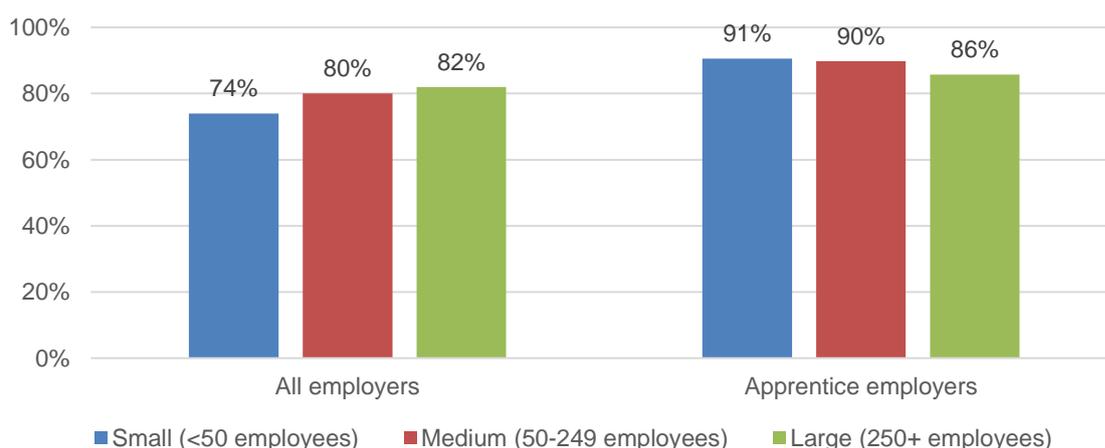


Base: all employers (n=2046)

In general, awareness of the Minimum Wage for apprentices is highest among larger businesses (Figure 6). Over four-fifths (82%) of those with more than 250 employees are aware of the Minimum Wage for apprentices, compared with 74% of those with fewer than 50 employees.

However, among those businesses who have employed an apprentice over the previous three years, the inverse is true, with smaller employers more likely to know the hourly rate. Here 91% of small businesses are aware, compared with 86% of large businesses.

Figure 6: Employer awareness of Minimum Wage for apprentices, by engagement with apprenticeships and number of employees



Base: all employers (n=2046), apprentice employers (n=814)

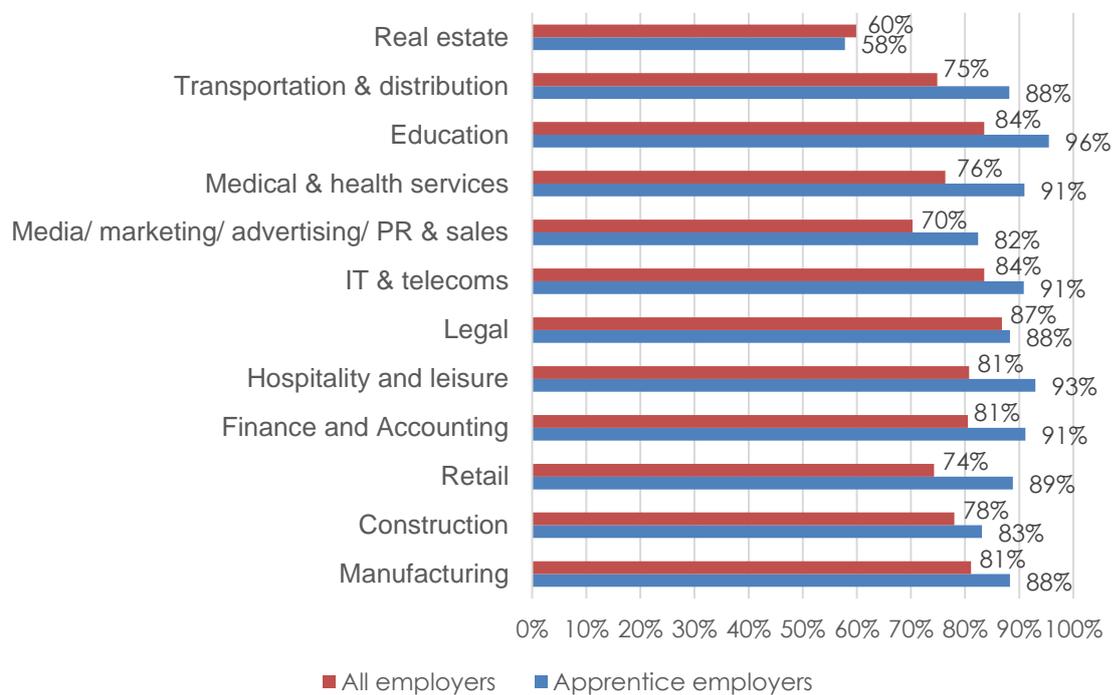
There is also some variation by sector (Figure 7). Among *all employers*, awareness is highest in the Legal (87%), Education (84%), IT & Telecomms (84%) sectors; and lowest in the Media, Marketing, Advertising, PR & Sales (70%), Retail (74%), Transportation & Distribution (75%) and Medical & Health Services (76%) sectors.

Among *apprentice employers* however, awareness is highest in the Education (96%) and Hospitality & Leisure (93%) sectors and lowest amongst businesses operating in the Real Estate (55%), Media, Marketing, Advertising, PR & Sales (82%) and Construction (83%) sectors. The 2016 Apprenticeship Pay Survey found that awareness of a Minimum Wage for apprentices was lowest in Health, Social Care and Sport (50%) and Hospitality and Catering (56 per cent).⁷

Regionally (Figure 8), awareness of the Minimum Wage for apprentices among *all employers* is highest in the North East (83%) and Wales (83%), and lowest in London (74%) and Scotland (76%).

Among *apprentice employers* 94% of those in the East of England and Yorkshire & the Humber are aware of the NMW for apprentices, compared with 81% on the South West and 84% in London. The Apprenticeship Pay Survey found that awareness of the hourly rate of pay of apprentices was lowest amongst apprentices in Scotland (22%) compared with those in England (29%) and Wales (25%).⁸

Figure 7: Employer awareness of Minimum Wage for apprentices, by sector



Base: all employers (n=2046), apprentice employers (n=814)

⁷ Ibid, p.84

⁸ Ibid, p.84

Figure 8: Employer awareness of Minimum Wage for apprentices, by region



Base: all employers (n=2046), apprentice employers (n=814)

How should apprentice pay be calculated?

As well as awareness of, and compliance with the Minimum Wage for apprentices, apprentice pay is also dependent on employers' understanding a number of other rules – and our survey shows that a substantial minority do not.

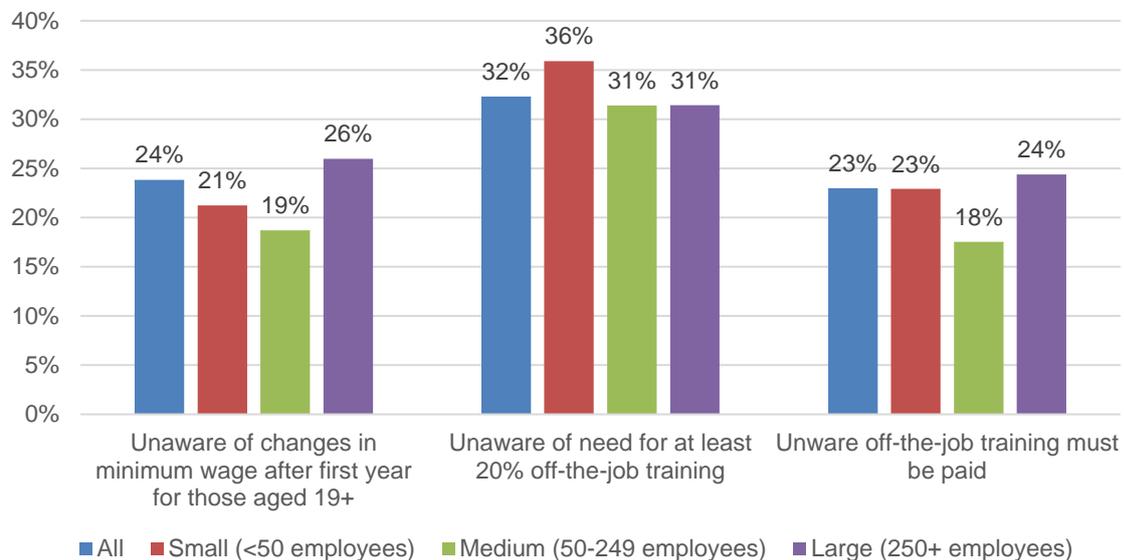
Two-fifths (41%) were not aware that the minimum rate of pay for apprentices aged 19 or over increases after the first year of their programme. Over a half (54%) did not know that an apprenticeship requires at least 20% off-the-job training, and 43% were unaware that time spent in off-the-job training should be treated as part of an apprentice's contracted hours of employment.

As expected, businesses who have employed an apprentice over the previous 3 years were better informed about each of these, though a significant proportion remain unaware. Of those who employed apprentices (Figure 9):

- Nearly one-quarter (24%) were not aware that the minimum rate of pay for apprentices aged 19 or over increases after the first year of their apprenticeship;
- One-third (32%) were not aware that an apprenticeship requires at least 20% off-the-job training;
- Nearly one-quarter (23%) were not aware that off-the-job training time should be treated as part of an apprentice's contracted hours of employment.

Larger employers were most likely to be unaware of changes in minimum pay for 19+ apprentices after their first year, while small employers were most likely to be unaware of the off-the-job training requirements.

Figure 9: Employer awareness of how apprentice pay is calculated, by number of employees



Base: apprentice employers (n=814)

Awareness of the increase in minimum pay for older apprentices after their first year was strongest in the Education and Hospitality & Leisure sectors, but much lower in Media, Marketing, Advertising, PR & Sales and in Transport & Distribution. Regionally, awareness is highest in the West Midlands and lowest in Scotland and the North West of England (Figure 10).

Awareness that an apprenticeship requires at least 20% off-the-job training was strongest in the Education, IT & Telecoms and Hospitality & Leisure sectors, and again much lower in Media, Marketing, Advertising, PR & Sales. Regionally, awareness is highest in Wales, Yorkshire & the Humber, East of England and London, and lowest in the East Midlands, the South West and North West.

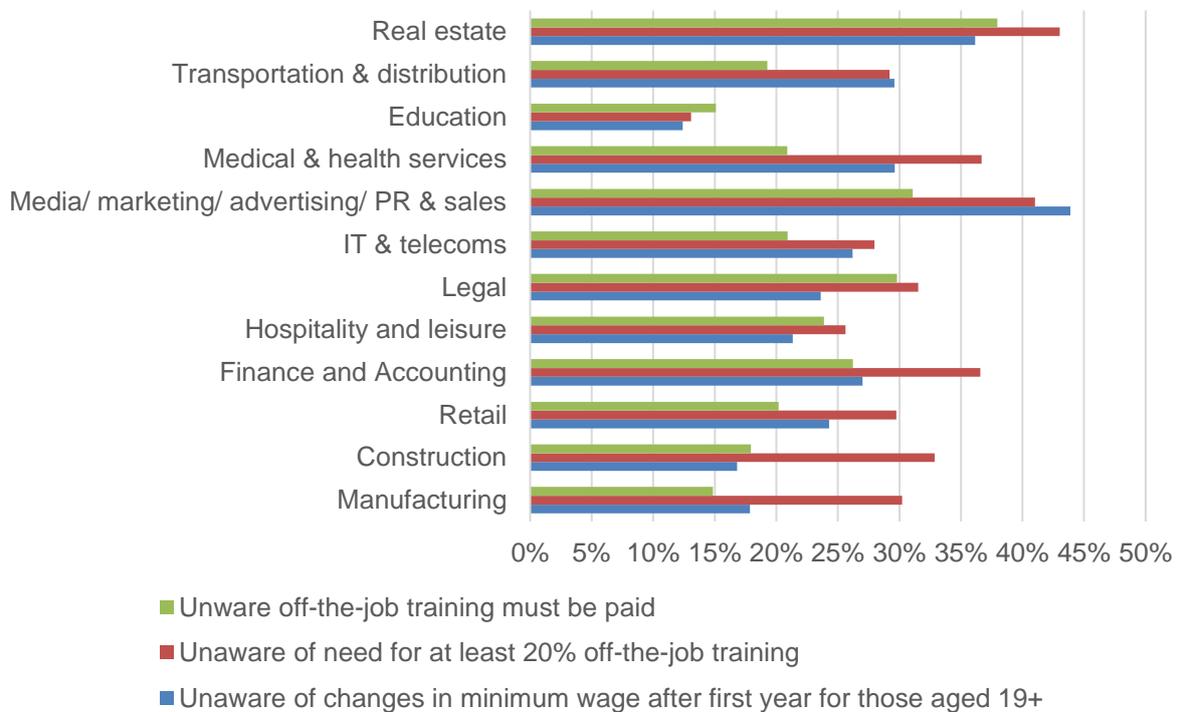
Awareness that off-the-job training time should be treated as part of an apprentice's contracted hours of employment is strongest in the Manufacturing, Medical & Health Services, Education, and Transportation & Distribution sectors, and particularly low in Real Estate and Media, Marketing, Advertising, PR & Sales.

Figure 10: Regional awareness of minimum wage rules



Base: apprentice employers (n=814)

Figure 11: Sector awareness of minimum wage rules



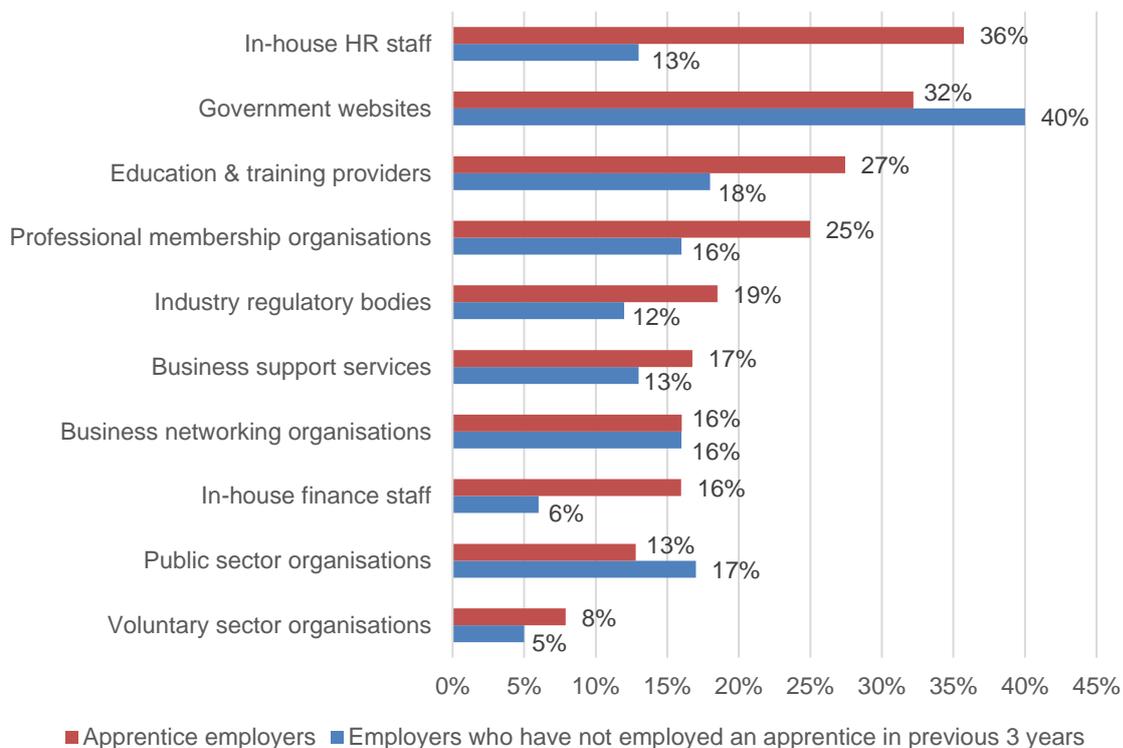
Base: apprentice employers (n=814)

Where do employers find out about apprentice pay?

If we are to improve levels of employer awareness and compliance with apprentice pay, then it is important that we understand where they look to for information and support. Businesses in our survey access information about apprentice pay from a wide range of sources (Figure 12). Over one-third (36%) of businesses who have employed an apprentice in the previous 3 years have relied on in-house HR staff, 32% cited government websites such as gov.uk, 27% look to education and training providers and 25% to professional membership organisations such as CIPD.

Government websites are by far the most popular source of information on apprentice pay for businesses that *have not* recently employed an apprentice. Forty percent of these businesses say that they would look to Government websites and 18% would look to an education and training provider.

Figure 12: Sources of information about apprentice pay



Base: all employers (n=2046), non-apprentice employers (n=1119)

As to be expected, larger employers are much more likely to have access to in-house expertise: 43% of large apprentice employers sought information here, compared with 36% of medium sized employers and just 10% of those with fewer than 50 staff. In contrast, smaller apprentice employers are much more likely to look to education and training providers (38% compared with 28% of medium-sized employers and 24% of large employers).

Businesses cited a range of intermediary organisations that they have approached or would consider approaching for information about apprentice pay, again with size playing a role in who they would approach. Larger apprentice employers were more

likely to get information from professional membership organisations (31% compared with 13% of small employers and 18% of medium employers). Business support services and public sector organisations were also frequently cited by both small and larger employers, but much less so by those with between 50-249 employees.

What do apprentices say?

Learning and Work Institute has long argued that apprentices should be central to developing and assessing the impact of the reform programme. We were therefore keen to seek apprentices' views on the issue of pay. In partnership with the National Society of Apprentices, two apprentice focus groups were held to explore their response to the data, their own experience of apprentice pay and their wider perceptions of the issue.

Apprentices were generally unsurprised by the findings of the survey, although some had expected employers to be better informed about apprentice pay.

“The ones that take on apprentices, I thought more of them would have a clue about what the wages were.”

Their own experience suggested that employer understanding of the Minimum Wage for apprentices varies by business size and whether they are a minimum wage employer.

Many were frustrated about the low level of the Minimum Wage for apprentices in relation to the National Minimum Wage. They highlighted that this could result in an apprentice being paid much less than someone else in a similar role, which might be especially discouraging when that person is younger than them. In this instance, they felt that some people may give up their apprenticeship to get another job, for which they would be paid the National Minimum Wage for their age group.

“I find it really quite upsetting that a 25-year-old could potentially be paid less than a 16-year-old.”

“For some people it might be easier to get a retail job, where you're closer to home.”

Understanding the Minimum Wage for apprentices

A number of apprentices involved in the focus groups had been taught about 'employer rights and responsibilities' as part of their off-the-job training, and were therefore confident about their understanding of apprentice pay. Prior to beginning their apprenticeship, most had also undertaken some online research into the issue.

Despite this, a number of apprentices who were paid monthly, were initially unaware of their hourly rate, and whether this complied with the Minimum Wage for apprentices.

“I didn't know what I was being paid hourly-rate-wise. I just knew I was getting a fixed number at the end of each month.”

When asked about maintaining their awareness of any changes to the Minimum Wage for apprentices or keeping track of the point at which apprentices aged 19 and over are entitled to a higher rate of pay, most said that they would not consider doing this unless prompted – for example by coverage in the media – or unless they had a particular query.

Their expectation was that they would hear about any changes to their pay from either their employer or provider, and expressed consensus that both providers and employers need to work together to ensure that messages are clearly communicated and understood.

“I think initially the training provider would probably find out or have more information on it before the employer. I think it’s probably the training provider’s responsibility to make sure that the employer knows so that the apprentice is getting paid the right amount.”

Most of the apprentices spoken to were happy with how their employer communicates with them about their pay, and shared how this was done.

“If there’s a company pay increase my employer will tell me, and if I have a review and an increase my employer will tell me. So if the minimum wage is going up and I was on minimum wage then my employer should be responsible for telling me that as well.”

However, they also acknowledged that their positive experience is not universal, and that provider involvement is crucial, particularly when apprentices are working with smaller employers who may not have the resource to offer information and support in this way.

“I think there should be an expectation that the training providers challenge the employers to make sure they’re giving the information. But it should be both ways, so both of them should be advising it. It’s part of the triangle, I think that everyone should be able to challenge and help each other out.”

Apprentices did not think that all employers would understand or be aware of the Minimum Wage for apprentices – especially those who pay their apprentices above this rate. However, they felt that it was still important that employers were kept up to date, to ensure that they continued to do so and that those paid just above the Minimum Wage for apprentices did not miss out as a result of any changes.

“They should probably also inform you if you’re working just above [minimum wage]...so that you can then go back and compare and make sure that you’re being paid at least something equal to what you should be.”

Why are some apprentices being paid less than the Minimum Wage for apprentices?

Apprentices were generally of the view that most employers were not deliberately being non-compliant, but that a lack of awareness of both the Minimum Wage itself and their responsibilities as an apprentice employer may be behind the figures in the Apprenticeship Pay Survey.

Apprentices varied in their confidence to challenge non-compliance when they came across it. Some were clear that they would be willing and able to challenge this, while others expressed concern that it may lead to repercussions, such as not being kept on or being considered for progression.

“If the apprentices do know they are being paid under, how many of them have the confidence to go to an employer and say look I need a pay rise’ because I wouldn’t have the confidence to go and do that.”

“If I had financial responsibilities I’d rather have below the minimum wage than not having a job.”

“If you’re not getting minimum wage that’s your right to be getting at least that.”

“I feel I have the right to ask for what I think is reasonable.”

Some were aware of apprentices who had undertaken unpaid overtime to complete work tasks, resulting in them being paid less than the minimum wage. It was noted that this can happen particularly when apprentices have a learning difficulty such as dyslexia where work can take longer to complete. Apprentices in the focus groups with dyslexia, were keen to stress that this was their own choice and they did not feel pressured by their employer to do this – though acknowledged that this may or may not be the case for others.

The issue of coursework was also raised. Where apprentices attend a training provider for day release, they often spending long days on campus and having additional work to do that was seen as ‘homework’ and not something they could do during work hours.

“That’s part of our training, but whose time is that actually? Is that stuff we should be doing in our own time or should that be the company’s time?”

A small number of apprentices noted that as they had day release, which counted as their 20% off-the-job training, they were not allowed to do their coursework during their working hours as it was seen as something that was part of the provider’s time.

“You’re expected to put in extra hours for college work, it’s no different to doing revision or something like that you’re just expected to have that commitment for your own development.”

Support from employers whilst completing off the job requirements and coursework was seen as being very important, often as critical as being paid the Minimum Wage for apprentices.

“The pay is always going to be a major factor because of how much else it affects within your life...the employer support is arguably even more important...being given the time and understanding/latitude to complete that which is part of your apprenticeship, which helps them as much as you, would potentially make a bigger immediate impact even that just saying ‘raise the wage’”

Impact of underpayment

Only one of the apprentices involved in the focus groups had direct experience of being underpaid on their apprenticeship; this was as a result of the change in the Minimum Wage for apprentices.

“I was underpaid for 2 months when the national minimum went up, but if I’m honest I hadn’t noticed. Maybe I should have done. But [the employer] then realised and back paid what they hadn’t. So it worked out in the end.”

Apprentices believed that being underpaid would have a significant negative effect on them. In particular, it was seen as being demoralising, demotivating and could create self-esteem issues for the apprentice. Particular concerns were expressed that underpayment could create or exacerbate financial difficulties for the apprentice, particularly if they have caring responsibilities, and may lead to stress and mental health difficulties.

“Especially with people who have financial responsibilities, it can then affect things like if they have bills to pay, if they have children, if they have family that they need to support. If they’re not working out their finances, or if they are and then they’re not being paid correctly, then it’s the financial stress that can then cause them having to take time off work to deal with stress and developing mental health issues.”

Second (and in one case, third) jobs were common amongst apprentices who felt they and their peers needed these to subsidise or top-up their apprenticeship wage. For some this may impact on their ability to balance their apprenticeship work and study, particularly where coursework was being completed outside of contracted hours, and when they had other personal pressures.

Recommendations

The expansion of apprenticeships has the potential to make a significant contribution to our twin goals of economic prosperity and opportunity for individuals. However, it will only do this if it represents a true social partnership between government, employers and individuals.

A crucial part of this is sticking to the rules on apprentice pay. Yet our research shows a substantial minority of employers, including current and recent employers of apprentices, do not know what they are. It is fair to say that the rules are complicated, and it is not always straightforward to draw a line around what should count as paid off-the-job training. We also need further research to better understand awareness of the rules, how they can be simplified, and the best ways to influence behaviour.

However, it is evident that action is needed to improve awareness of the current rules generally, ensure employers and apprentices are clear what they are signing up to at the start of an apprenticeship and how this will change over time, and for government to be proactive in enforcing the rules when they are breached. To that end, we propose action in three areas.

- 1. Employer awareness.** Government should take action to communicate the rules on apprentice pay. This could include through employer representative groups, as well as Chambers of Commerce and intermediaries such as accountants. This messaging should be integrated as part of other communication around investing in training and other changes in labour market rules.
- 2. Rights and responsibilities.** The start of an apprenticeship is an obvious trigger point for ensuring employers and individuals are clear about the rules and how they will change during the course of an apprenticeship. Training providers can take a lead in doing this, which could include building it into the Apprenticeship Agreement, as well as when trigger points (such as the 12-month mark of an apprenticeship) arise.
- 3. Enforcement.** Rights are only real if they can be enforced, though of course the aim is to avoid this need arising. Apprentices, and unions where workplaces are unionised, need to know their rights and what to do if they think they are being breached. But government has a responsibility to be proactive. This could include a risk-based approach, starting with sectors with the highest reported non-compliance, led by the Director for Labour Market Enforcement.

It is good news that we have a renaissance in apprenticeships. The challenge now is to make this renewal of interest work for both employers and individuals. This includes making sure both are aware of their rights and responsibilities, including on pay. From this, all else stems.