



A Qualitative Study of Apprenticeship Pay

An ippr report to the Low Pay Commission

by Kayte Lawton and Emma Norris

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The authors take full responsibility for the content of the report.

Executive summary

Although most apprentices are employed, the majority are exempt from National Minimum Wage legislation, and pay rates for apprentices vary significantly across different industries and by gender and age. The Low Pay Commission (LPC) has been asked by Government to consider how apprentice pay could be brought under the National Minimum Wage framework. This report, commissioned by the Low Pay Commission, examines variations in apprentice pay across the UK and the role of apprentice pay in young people's decisions to start and complete an apprenticeship. The report also considers the potential responses of employers to the introduction of a national minimum wage for apprentices.

Apprentices under the age of 19 are exempt from minimum wage legislation and those aged 19 or over are exempt if they are in the first year of their apprenticeship. In England, for apprenticeships funded through the National Apprenticeship Service (NAS)/Learning and Skills Council (LSC), there is a requirement that all employed apprentices must be paid a minimum of £95 a week (£80 a week prior to 1 August 2009). No such arrangement exists in Scotland, Wales or Northern Ireland and so apprentices outside England are not subject to any minimum pay rate.

Apprenticeships form a key plank of government efforts to increase participation in education and training after the age of 16. They offer a combination of theoretical and practical learning designed to be attractive to a wide range of young people, as well as supporting the training needs of industry. The LPC is considering apprentice pay in the context of a rising participation age in England, with young people being obliged to remain in accredited education or training until the age of 18 by 2015, and ambitious targets to increase the number of apprenticeship starts.

This report is concerned primarily with employed apprentices aged 16 to 24 working in hairdressing, retail, early years childcare, hospitality and social care – all low-paying sectors employing mainly female apprentices. We also looked at the engineering sector for comparison, as apprentice pay is normally higher here and the vast majority of apprentices are male. The findings presented in this report are based on focus group and survey research with apprentices and other young people across the UK, plus interviews with employers, training providers and careers advisers.

Young people's reasons for starting an apprenticeship

Pay was the main motivation for some focus group participants to start an apprenticeship, but not for the majority, and it was more important for apprentices working in retail and hospitality. This was partly because they were more likely to have been working just before starting an apprenticeship, so they were keen to maintain their earnings while gaining a qualification. Pay was also more important for young people who no longer lived with their parents, and for older apprentices.

For the majority of participants, pay was a factor but it was not the main reason for starting an apprenticeship. Young people told us that family and social background had a very strong influence on their decision to start an apprenticeship. This was especially true for hairdressing and engineering apprentices and many participants working in these sectors had family or friends working in similar industries.

In contrast, some focus group participants said their parents would have preferred them to take a more academic route, and this was also the message that most participants had received from careers advisers and teachers. Participants said that careers advisers sometimes failed to discuss options like apprenticeships with young people who were considered to be

performing well at school. The young people we spoke to felt frustrated by this and thought that more information and guidance about apprenticeships should be available to everyone.

Family and social background also came through in participants' desire to gain a high-quality qualification through an apprenticeship. This was one of the most important motivations for young people, particularly for hairdressing and engineering apprentices, with many feeling that apprenticeships offer stronger career routes than academic qualifications. Gaining a trade for life was also key for many, providing security and 'something to fall back on'.

The importance of gaining a qualification and learning a trade was also reflected in our survey of 160 current apprentices in England. Apprentices in retail and hospitality were less likely to see their apprenticeship as a long-term career option. These apprenticeships appeared to offer less training time and are also perhaps less 'vocational' subjects.

Participants also chose apprenticeships because they provide lots of work experience and offer a good alternative to full-time education for people who want to continue learning but not in a formal setting.

When it came to pay, apart from the minority of participants who were primarily motivated by pay, it was the presence of a wage that was important rather than the level of pay – as long as the wage was sufficiently higher than the Educational Maintenance Allowance, which pays up to £30 a week to young people in full-time education. In our focus groups, participants did not discuss the interaction between apprentice pay and benefits, to which they, their parents or their partners may have been entitled. This was not raised directly by our focus group discussion guide and was not brought up by participants. However, this may be an issue that requires further research.

Young people's experiences of apprenticeships

Apprentice pay varied considerably both across and within the different sectors covered by our research. Pay was lowest in hairdressing with higher wages available in retail, hospitality and engineering. These sectoral patterns meant that female apprentices were more likely to be receiving lower wages. In our focus groups, the female participants we spoke to were all working in the low-paying sectors; there were no female participants in the higher paying engineering sector. We did not identify any strong differences in pay along gender lines within sectors.

Our survey of young people did not allow us to look at differences in pay by country because we received a relatively small number of responses from young people in Wales and Scotland. Three focus group participants were receiving what could be called very low wages (below the £95 LSC/NAS rate) – two in Belfast (both on £60 a week) and one in Glasgow (earning about £46 a week). One of the Belfast participants also appeared to be entitled to, but not receiving, the minimum wage, since she was aged over 19 and had been doing her apprenticeship for more than a year. This also applied to one participant in Cardiff. This may suggest that there is some risk of very low apprentice pay outside England. However, the number of people involved in our focus groups was not sufficient to be able to draw any strong conclusions and further research may be useful. It also indicates that there may be an issue around apprentices receiving a pay increase when they turn 19 and have been on the course more than a year.

Most of the young people we spoke to were unhappy with their pay and felt it failed to reflect the work they did and the contribution they made to the organisations in which they worked. Younger apprentices were less likely to be concerned about their pay, possibly because they had less awareness of the wages available elsewhere and also because most were living with parents and did not have to cover the full cost of living from their wages.

However, almost all the young people who took part in our focus groups were prepared to accept low apprentice wages in return for two important advantages: job satisfaction and the prospect of higher wages in the future. Many participants compared themselves with friends working full-time who received much higher wages but did monotonous and unrewarding work. Apprentices in hairdressing, early years work and engineering were particularly likely to report high levels of job satisfaction. Participants also compared their future earnings with those of peers in jobs without training. They recognised the trade-off between low wages now and higher wages later on, whereas they felt that friends on higher salaries now had few progression opportunities.

All our focus group participants told us that the training they received was of variable quality apart from the engineering apprentices, who were uniformly positive about their training. Engineering apprenticeships are known to be of higher quality with longer courses and more off-the-job training. Training quality seemed particularly problematic in retail and hospitality, with participants feeling that they were just certifying existing skills and receiving less support from managers.

The relationship between training quality and pay was complex. We conducted one focus group with young people who started but did not complete an apprenticeship and found that they were much more likely to have been on the lowest wages and to have received poor quality training. Most people in this group left their apprenticeship early because of the low standard of training but they also said they may have stayed if wages had been higher. Based on the experiences of focus group participants, it also appeared that employers who paid lower apprentice wages in general provided poorer quality training.

Young people's perspectives on a national minimum wage for apprentices

The young people who took part in our focus groups were generally aware of the minimum wage exemptions for apprentices but were less clear about the age at which apprentices become eligible for the minimum wage. Participants preferred minimum wage rates based on qualifications, performance or year of apprenticeship rather than age, and most were unhappy about the current age bands within the national minimum wage. They also preferred hourly pay rates to weekly ones.

Participants were split about whether apprentices should be subject to the same minimum wage rates as other workers. Hairdressing and engineering apprentices were more likely to accept that there should be pay differentials between apprentices and other staff. This reflects the necessity of having qualifications and experience in these industries, which creates a clear distinction between trainees and qualified workers. This division was less apparent in early years, retail and hospitality, with apprentices doing similar work to other staff, which meant that apprentices in these sectors found it difficult to understand why they should receive much lower wages.

There was some debate about the potential impacts of bringing apprentice pay under the national minimum wage framework. Participants felt that more young people would be interested in apprenticeships, which could be positive, but could also increase competition for places. This was a particular concern among those who felt that employers would cut back on the number of apprenticeship places they offered. Engineering apprentices were especially concerned about the negative impacts, perhaps aware of the strong reputation and high quality of training in engineering apprenticeships.

There was also disagreement about whether a minimum wage would improve completion rates. Some young people argued that committed apprentices would not be deterred by low wages, but some participants were concerned that low wages made it likely that young

people would be tempted away from their apprenticeship if higher wages were available elsewhere. Others suggested that regular pay rises were more important for completion rates than the level of the starting wage.

Focus group participants also had some interesting suggestions for improving pay arrangements for apprentices, with a particular focus on supporting employers to provide places and improving completion rates. Their suggestions included wage subsidies for employers, regular pay rises and completion bonuses.

Employers' perspectives on apprentice pay

We interviewed 12 employers in hairdressing and early years, all of whom regularly employed apprentices. All the interviewees were aware of the minimum wage exemptions for apprentices but some were not clear about the age at which the minimum wage becomes payable for apprentices who had been doing their course for more than a year.

Among the employers we spoke to there was a clear split between those who used minimum wage exemptions for apprentices and those who did not. Employers who did not use the exemptions were supportive of a minimum wage for apprentices and felt it would be fairer to young people and help avoid potentially exploitative practices.

Employers who made use of the exemptions – the majority of interviewees – were very concerned about the potential impact of a national minimum wage for apprentices. Most employers in this group said they would offer fewer apprenticeship places and a minority said they would cut their apprenticeship programme altogether. Possible changes to the number of apprenticeship places was a much more common suggestion than changes to the style or amount of training offered by employers. Concerns about the introduction of a national minimum wage for apprentices were particularly strong among hairdressing salon managers, suggesting that many hairdressing businesses rely on being able to employ apprentices on very low wages.

One of the strongest messages we received from employers was that introducing a national minimum wage for apprentices would reduce the number of employer-led apprenticeships on offer, encouraging more young people to do college-based vocational courses instead. Employers were very critical about the quality and appropriateness of such courses in hairdressing and early years and were concerned about the employability of young people who undertook them.

Current pay levels were not seen as a barrier to the provision of apprenticeship places, but there was disagreement about whether low levels of pay contributed to relatively low completion rates, and therefore whether a national minimum wage would help improve completion rates.

Employers who were opposed to a national minimum wage for apprentices were reluctant to give a preference for the level at which any minimum should be set. There was a preference among these employers for a weekly minimum and for age-related rates for all apprentices, regardless of level or year.

Other perspectives on apprentice pay

We also spoke to a number of training providers and careers advisers about their views on apprentice pay. Training providers agreed that pay was rarely the main reason for young people to start an apprenticeship, with the long-term career opportunities linked to apprenticeships being much more important. There was disagreement among the providers we interviewed about whether or not pay levels were important in encouraging young people to finish an apprenticeship.

Most training providers shared the concerns of employers about the effect of a minimum wage for apprentices on the provision of employer-led apprenticeships. As with employers, this was a particular concern in the hairdressing industry. Training providers also felt that any increase in participation in college-based vocational courses which might result from the introduction of a minimum wage for apprentices could be damaging for young people's employment prospects.

Careers advisers were generally very positive about apprenticeships, although they stated that they would be less likely to recommend them to academically able students. They also supported the evidence from our focus groups about the influence of family background on young people's decision to start an apprenticeship. Some careers advisers felt that a minimum wage for apprentices could help them provide clearer advice to young people about the level of pay they could expect.

Conclusions and policy implications

Our research supports previous studies that have found wide variations in apprentice pay across the UK, with particularly low rates of pay for apprentices in the hairdressing industry. This indicates that a national minimum wage for apprentices would have the most impact on low-paying sectors, especially hairdressing, which tends to employ female apprentices. Our study was inconclusive about differences in apprentice pay across the four countries of the UK.

Pay was clearly an important factor in young people's decisions to start an apprenticeship, but it was rarely the main motivation. As most apprenticeships are over-subscribed, this suggests that there is not a strong argument to introduce a national minimum wage for apprentices in order to increase the number of young people wanting to do apprenticeships. However, it may be that changes to the pay arrangements for apprentices would make apprenticeships a more attractive option to a wider range of young people – including young people who opted for a more 'academic' route as well as those who went straight into a job without training. In our research, we did not speak to young people who chose other post-16 routes, but the relatively low pay associated with apprenticeships may have been a factor.

There was some evidence from our focus groups that a national minimum wage for apprentices would increase young people's interest in apprenticeships, although it was not clear whether this would be among higher or lower achieving young people. In either case, government, employers and training providers would have to develop ways to manage both a potential increase in interest and changes in the cohort of young people who are interested in apprenticeships. This will be particularly important if some employers feel it necessary to reduce the number of apprenticeship places they can offer.

There was more evidence from our research that a minimum wage for apprentices would increase completion rates. However, to have the maximum effect, it would have to be introduced alongside a package of measures designed to improve training quality in some low-paying sectors; and to provide other forms of financial incentives to apprentices, especially regular pay rises and completion bonuses.

There was widespread concern among employers and training providers about the effect of an apprenticeship minimum wage on the provision of employer-led apprenticeships. If a minimum wage were to be introduced, some low-paying sectors, especially hairdressing, may need to be supported to maintain or increase the supply of apprenticeship places. Measures could include wage subsidies and group apprenticeship programmes. This would have to be a decision by government in the context of other spending and policy priorities, and additional support should be matched by higher standards of training quality.

However, our research has identified an important relationship between pay and training quality, and it may be that if employers are required to pay a minimum wage to apprentices, they will invest more in the training and support provided to apprentices in order to maximise their return. They may also be incentivised to ensure a better fit between the apprentice and programme of training, applying stricter entry requirements to attract the best candidates. In addition, a minimum wage could mean that some of the poorest quality apprenticeships are withdrawn by a minority of employers who do not have a genuine interest in offering good quality training. A minimum wage could therefore have some impact on the quality of employer-led apprenticeships overall and on completion rates, although our research was not able to look at some of these questions in detail. Further research and close monitoring of the effect of any changes to apprentice pay arrangements would be useful.

Employers and training providers also appear to have legitimate concerns about the quality and appropriateness of college-based vocational courses, and these should be addressed by the Government and the devolved administrations. A clearer focus on employer-led apprentices as the 'gold standard' would be a positive step.

Our final conclusion is that a national minimum wage for apprentices would provide greater clarity to employers, young people, and those advising and supporting young people, about the employment rights of apprentices. This could help to improve compliance with national minimum wage legislation in the minority of cases where employers are failing to pay apprentices the correct wage.

1. Introduction

Apprenticeships offer a combination of work-based and theoretical learning. Most apprentices are employed and receive a wage, but employers who employ apprentices can make use of exemptions from National Minimum Wage (NMW) legislation. Apprentice pay varies significantly across the UK, particularly by sector and gender (LPC 2009).

This report looks at how apprentice pay rates affect young people's decisions to start and complete an apprenticeship. It also examines employers' use of minimum wage exemptions for apprentices and how they might be affected if apprentice pay were to be brought under the National Minimum Wage framework.

Policy context

In the UK, apprentices under the age of 19 and those over 19 and in the first year of an apprenticeship are exempt from the National Minimum Wage. In England, for apprenticeships funded through the National Apprenticeship Service (NAS)/Learning and Skills Council (LSC), there is a requirement that all employed apprentices must be paid a minimum of £95 a week (£80 a week prior to 1 August 2009). This is a contractual arrangement between the NAS/LSC and the training provider, rather than a statutory minimum. In Scotland, Wales and Northern Ireland, there is no contractual minimum pay rate for employed apprentices.

The differences in pay arrangements across the UK reflect the fact that education and training are devolved policy areas, although the NMW is a reserved matter. As a result, apprenticeship policy varies across the four countries of the UK. In England, the Government has planned a considerable expansion of apprenticeships, with a target to have at least 400,000 apprenticeship starts by 2020, compared to 224,000 in 2007/08 (Office for National Statistics 2009). The Apprenticeships, Skills, Children and Learning Act 2009 also includes a guarantee of an apprenticeship place for every suitably qualified 16 to 18 year old in England by 2013. This is in the context of the rising compulsory education and training participation age in England, which will increase from 16 to 17 in 2013 and to 18 in 2015. The Government is keen to ensure a sufficient supply of apprenticeship places to help meet these targets. Currently, there are no plans in Scotland, Wales or Northern Ireland to raise the participation age.

How apprenticeships work

Apprenticeships can be taken at level 2 (equivalent to five GCSEs at grade A-C) and level 3 (equivalent to at least two A-levels). In England, apprenticeships can also be taken at level 4 (equivalent to a degree) in engineering and IT. An apprenticeship is a framework for learning rather than a qualification in its own right. The branding and content of apprenticeships vary in the four countries of the UK and across different industries, but learners will normally receive some or all of the following: an NVQ at the relevant level; a technical certificate; a basic skills qualification; training in employment rights and responsibilities.

Apprentices on government-funded apprenticeship training can either be employed and waged, or not employed and in receipt of either the Education Maintenance Allowance (EMA) or a training allowance. Non-employed apprentices are often based in colleges or training centres and may undertake work placements as part of their apprenticeship. This report is primarily about employed and waged apprentices. State funding for apprenticeships is usually channelled through training providers rather than employers, and employers are expected to meet the costs of apprentices' wages.

Project aims

The research presented in this report was commissioned by the Low Pay Commission in April 2009. This was in the context of the Commission's remit for 2009/10 to consider the rate and detailed arrangements for an apprentice minimum wage under the National Minimum Wage framework. The central aims of the project were:

- To gain an insight into how apprenticeship pay rates differ across the UK, including by country, apprenticeship level, industry sector, age and gender.
- To understand the importance of pay in the take-up and completion of apprenticeships relative to other factors (such as peer effects, family background and careers advice), and how this varies by gender, age, sector and country.
- To investigate how employers might respond if apprentice pay were brought into the NMW framework.

Although apprenticeships can in theory be embarked upon by learners of any age, our focus in this project has been on young apprentices (those aged 16 to 24). This reflects the rising compulsory education and training participation age in England and the considerable increase in youth unemployment generated by the current recession.

Research methods

This is a qualitative study which seeks to understand the different factors involved in complex decision-making, both by young people and employers. Given the remit of the Low Pay Commission, the focus of our research has been industry sectors in which apprentices are known to be relatively low paid.

The study draws on three sources of original data:

1. Focus group research with current and former apprentices

- We conducted seven focus groups across the UK for this study. The groups ranged in size from seven to nine participants and we had 54 participants in total. Table 1 below explains how the focus groups were organised.

Table 1: Description of focus groups

Participants	Sectors	Number of groups	Locations
Current apprentices	A mix of five low-paying sectors: early years, hairdressing, retail, hospitality* and social care	Five	Cardiff Glasgow Margate Belfast Manchester
Young people who left an apprenticeship without completing it ('early leavers')	Five low-paying sectors as above	One	Manchester
Current apprentices	Engineering	One	Newcastle

*Although statistics for England show that hospitality apprentices are not particularly low paid, the sector as a whole is low-paying and so we refer to it in this report as a low-paying sector.

Engineering apprentices, in England at least, tend to receive relatively high wages compared to other apprentices (Fong and Phelps 2008), and we use this group to provide a comparison with the low-paying groups. The groups were held in July and August 2009.

2. Survey of young people

To complement our focus group research, we carried out a survey of young people in four categories:

- Current apprentices
- Former apprentices
- Young people who had left an apprenticeship without completing it
- Young people who had seriously considered doing an apprenticeship but finally decided against it.

The survey was available online and in hard copy and it ran from late July to mid-September 2009. The survey was designed to complement the focus group research, rather than generate new quantitative data, and so we did not use a sampling frame. This meant that some of the responses were skewed, for example towards particular locations (Northern Ireland) and particular sectors (business administration and construction). Although the survey was disseminated widely, a limited number of responses were received from the key low-paying sectors.

For England, we received a large number of responses from apprentices in business administration (more than 200). When we exclude these responses, we have 160 responses across a broad range of sectors in England, and we use this data in the report where appropriate. When we refer to the survey data in this report, we are using the dataset that excludes responses from apprentices in business administration unless otherwise stated. We received a reasonable number of responses (more than 20) from apprentices in the following specific sectors, and refer to these findings where relevant: business administration, construction, early years, hairdressing, and health and social care. We received a very small number of responses from apprentices in other sectors and therefore do not draw any conclusions about pay in these specific sectors.

We received a very small number of responses (fewer than 10) from apprentices in Wales and Scotland, and so these are not included in our analysis. A large number of responses were received from apprentices in Northern Ireland. However, these responses were dominated by apprentices in construction and the motor industry and because these sectors are not the primary focus of this research, we have not included these results in our report.

We also received only a small number of responses from former apprentices and young people who considered but did not do an apprenticeship, and so these results are not represented in the report.

3. Interviews

We carried out 22 interviews as follows:

- Employers in low-paying sectors who regularly employed apprentices – 12 interviews
- Training providers – 5 interviews
- Careers advisers – 5 interviews

The interviews were conducted by telephone in August and September 2009.

Research timing

Our research was conducted between July and September 2009, when the UK was experiencing what many experts believe was the worst recession since the 1930s. Unemployment, particularly among young people, increased dramatically as a result of the

recession and the economic situation has received widespread media coverage. It is very likely that the effects of the recession had an impact on the responses of many involved in our research. In the report, we try to refer to this where it seems relevant.

Research limitations

The findings presented in this report are necessarily influenced by the specific people we spoke to as part of our research. In particular, it is important to note that the project was not designed to include the following groups in the focus groups or interviews:

- *Young people not doing apprenticeships*: This includes both those who entered full-time education and those in a job without training, some of whom may have considered apprenticeships. However, we did speak to young people who had left an apprenticeship early.
- *Employers who do not offer apprenticeships*: Including those who would like to but feel unable to for some reason; employers who used to employ apprentices but stopped; and employers who have never considered employing apprentices.

In both cases, the people we included in our research may have very different experiences and attitudes towards apprenticeship pay compared with those we did not speak to. There is also the usual problem of self-selection which exists with any qualitative or survey research, meaning that some people with particular experiences may have decided not to participate in our research.

Structure of the report

The next three chapters focus on our research with current and former apprentices, drawing on the focus groups and survey:

- Chapter 2 considers the role of pay in young people's decisions to start an apprenticeship
- Chapter 3 looks at the role of pay in young people's decisions to complete an apprenticeship
- Chapter 4 examines young people's perspectives on a minimum wage for apprentices.

The report then takes the following structure:

- Chapter 5 considers employers' views on apprentice pay and their reaction to including apprenticeship pay in the NMW framework
- Chapter 6 sets out the findings from our interviews with training providers about their views on apprentice pay
- Chapter 7 considers the views of careers advisers and youth charities
- Chapter 8 sets out our conclusions and the policy implications.

2. Young people's reasons for starting an apprenticeship

In this chapter, we investigate the factors that influence young people's decisions to start an apprenticeship. Our analysis is based on the focus group research we carried out, complemented by data from our survey of young people where appropriate.

We begin by briefly describing the key characteristics of the focus group participants, and comparing this with national data on apprentices where available. We then consider young people's motivations for doing an apprenticeship, looking at the role of pay relative to a range of other factors¹.

Description of focus group participants

We start by briefly outlining the key characteristics of the 54 young people who participated in the focus group research.

Sector

Participants were drawn from the following five low-paying sectors and one higher paying sector:

- Early years (childcare): 9 participants
- Hairdressing: 17 participants
- Retail: 10 participants
- Hospitality: 9 participants
- Social care: 2 participants
- Engineering (higher paying): 7 participants

This reflects the provision of apprenticeships in low-paying sectors across the UK, particularly the large number of apprenticeships in hairdressing and early years care.

Age

Participants were aged between 16 and 24, except one participant who was 26. Just over a third of participants (19) were aged 16 to 18, with just under two thirds (34) in the 19 to 24 age group. The participants in our focus groups were slightly older on average than the overall apprentice population, at least in England (Fong and Phelps 2008). Apprentices in early years, engineering and hospitality were more likely to be in the 19–24 age group, whereas hairdressing and retail apprentices were more mixed in terms of age.

Level

Just under two thirds of participants were studying on a Level 2 apprenticeship, and just over a third were on a Level 3 course. Apprentices in early years and engineering were more likely to be on a Level 3 course, and hairdressing apprentices were mainly doing Level 2 apprenticeships.

Gender

Two thirds of our participants (36 out of 54) were female. In England and Wales, around half of all apprentices are male, rising to over two-thirds in Scotland and Northern Ireland (LPC 2009). The apparent over-representation of female apprentices in our research reflects our focus on low-paying sectors, where apprentices are more likely to be female, as Table 2 shows for England.

1. Unless otherwise stated, our analysis relates to all our focus group participants, including the early leavers and apprentices working in the higher paying sector (engineering).

Table 2: Proportion of apprenticeship starts made by women, England 2006/07

Framework	Proportion of apprenticeship starts by women (%)
Early years	97.1
Hairdressing	91.7
Social care	89.7
Retail	66.4
Hospitality	50.6
Engineering	2.6

Source: TUC (2008)

All the female apprentices in the groups were working in one of the five low-paying sectors and all the engineering apprentices we spoke to were male.

Ethnicity

People from an ethnic minority background appear to be under-represented in apprenticeships in England, although not in Scotland and Northern Ireland (LPC 2009). Fifty of the 54 focus group participants were white, with the remaining four identifying themselves as having a 'mixed' ethnic background.

Disability

The vast majority (52) of our participants did not regard themselves as having a disability or serious long-term health condition. Only two respondents reported having a disability of some kind.

Routes into apprenticeships

Focus group participants had started apprenticeships from diverse backgrounds, including:

- *Already in work:* The largest group of apprentices in our study (just over 40 per cent) began their course after being in work for some time. The majority of this group had been working with the same employer with whom they were doing their apprenticeship. A smaller number had moved into the apprenticeship from a completely different industry, or from a different employer in the same industry. Apprentices in hospitality and retail were more likely to have been working before they started their course, although a small number of apprentices in hairdressing and early years had taken a similar route.
- *Studying at school or college:* Just under a third of participants had been studying at school or college immediately before starting their apprenticeship. Many had a strong preference for the sector they chose to train in and had made an active choice to embark on an apprenticeship in their particular occupation. Engineering apprentices were more likely to have come straight from school, as were some apprentices in hairdressing and early years.
- *Not in employment, education or training:* Just under a fifth of participants (nine in total) had not been in employment, education or training before beginning their apprenticeship. Some had been looking for work; others had been travelling; others had been caring for children. Participants in the early leavers group were more likely to be in this category.
- *Leaving university or college:* A relatively small number of participants (seven) had previously been studying at an FE college or university and had left their course early before starting their apprenticeship.

In our survey of 160 current apprentices in England, a larger proportion of respondents started their apprenticeship straight from school and fewer were working immediately before:

- *Already in work:* 23 per cent of survey respondents had been working immediately before starting their apprenticeship, a third with the same employer and two thirds with a different employer.
- *Studying at school or college:* 57 per cent of respondents had been at school or college immediately before they started their apprenticeship, although this could include people who had left a college course early to start an apprenticeship.
- *Not in employment, education or training:* 13 per cent had been out of work before starting their apprenticeship, a slightly smaller proportion than in the focus groups.
- *Doing an apprenticeship at a lower level:* Unlike our focus group participants, a small number of people who completed our survey – 6 per cent – had been doing an apprenticeship at a lower level before starting their current apprenticeship.

Learning about apprenticeships

There are a range of methods for accessing information about apprenticeships, including teachers, careers advisers, youth charities, employers, family and friends. Apprentices taking part in the focus groups had found out about apprenticeships through most of these avenues:

- *Employer or training provider:* Nearly half of all participants had first heard about apprenticeships from their employer or a training provider who approached their employer. This was particularly the case for those who had started working straight from school, and for apprentices in retail and hospitality.
- *Family and friends:* About a quarter of participants were first introduced to apprenticeships through family or friends, and this was particularly true of apprentices in hairdressing and engineering.
- *School or college:* Slightly fewer participants, about a fifth, had first come across apprenticeships while in school or college, usually by talking to a careers adviser. This was more common for apprentices who had started their course straight from school and for apprentices in hairdressing and early years.
- *Careers adviser:* A small number (five) had been introduced to apprenticeships through the Connexions service outside of a school context or through a job centre. This tended to apply to apprentices who were out of work before they started their course.

Deciding to do an apprenticeship: influences and motivations

In this section, we consider the different influences on the decision of focus group participants to start an apprenticeship. Our aim is to understand the role of pay in the decision-making process and its importance relative to other factors.

Family and friends

The professions and opinions of family and friends had a strong impact on participants. Some young people reported having been influenced by family members who were already working in the sector in which they chose to do an apprenticeship. The influence of family background was particularly strong for apprentices in hairdressing and engineering.

‘My cousin, she has her own salon since I was little and I said I want to be like you. Then she told me about it when I got a bit older and she’s the one that pushed me towards it because she knew that I wanted to do that.’
(Hairdressing apprentice, female, 17, Margate)

For a number of engineering apprentices in particular, the family connection to their chosen occupation went back through more than one generation, and was clearly a strong influence on their choices.

‘My dad did his apprenticeship when he was my age as well ... so he was quite pleased ... My granddad used to work down the docks, so he [the participant’s father] done his apprenticeship down there. It was his dad that told him to do it.’ (Engineering apprentice, male, 20, Newcastle)

For a smaller number of apprentices, their decision to do an apprenticeship was also influenced by their friends.

‘My mate was saying how he enjoyed it and told us about it and I liked the sound of it ... He’d finished and he’s a good mate of mine so he’s steered us in that direction.’ (Engineering apprentice, male, 21, Newcastle)

Beyond apprentices who were directly following family members into a particular occupation, some participants’ parents were also supportive.

‘My dad thinks it’s a good idea to have all the health and safety and the equality [training] because you’re going to need that in any industry.’ (Retail apprentice, female, 21, Belfast)

However, a number of apprentices also talked about having to battle against more negative perceptions of apprenticeships among family members, particularly when parents favoured more traditional academic routes.

‘My mum, she’s a professional and wanted me to get a degree... She had done it all so wanted me to as well. I thought it was stupid to have a degree just for the sake of having a degree but she didn’t really know much about apprenticeships anyway.’ (Hairdressing apprentice, female, 21, Glasgow)

Careers advisers and teachers

As discussed above, only a relatively small proportion of young people in our focus groups had been introduced to apprenticeships through careers advisers while at school. Participants in this group had generally had positive experiences.

However, for many participants, apprenticeships had not been mentioned by careers advisers at all.

‘My careers adviser wanted me to go to college. Everything I wanted to do she told me to do in college ... Never said nothing about apprenticeships.’ (Hairdressing apprentice, male, 17, Cardiff)

There was a general feeling among most participants that careers advisers working in schools prioritised advice about traditional educational options, usually A-levels (or Scottish Highers), followed by university. This route was often presented as the only suitable option, particularly for young people who were deemed to be ‘academic’ or of above-average ability.

‘That’s all our [careers advisers and teachers] talked about. Just stay on, do your A-levels, go to university, that’s what you had to do in our school, that was just what you were expected to do. They didn’t really give you any other options.’ (Early years apprentice, female, 23, Belfast)

Participants said that apprenticeships were presented by careers advisers and teachers as being primarily an option for students of lower ability. Even some participants who had had apprenticeships recommended to them by a careers adviser felt this was because their academic performance had been poor.

‘My last careers interview ... she was telling me I should do my apprenticeship because my predicted grades were rubbish.’ (Hairdressing apprentice, female, 17, Margate)

A total of seven apprentices had started a course at college or university but left without completing it because they felt the course was unsuitable. They tended to feel that they had been pressured into academic options by careers advisers, teachers and parents, and regretted the additional time they had spent pursuing these options before starting their apprenticeship.

‘I went to sixth form and then I got pushed into uni. I went for a year and I didn’t like it much ... My head of year, she was really pushy with all of us and all of us have left now ... I don’t like her anymore, she wasted a year of my life.’ (Retail apprentice, male, 20, Margate)

There were also a small number of participants who had completed A-levels or university degrees but now regretted this choice and would have preferred to have started an apprenticeship earlier. Some of the blame was laid on inappropriate advice from careers advisers.

‘She [careers adviser] was like, no, do your A-levels, go to uni and then go on. But it hasn’t benefited me ... now I’m in retail for no apparent reason. I did all that work for nothing and I feel that if I had been encouraged to do an apprenticeship I would have been in a better place right now.’ (Retail apprentice, female, 24, Belfast)

Developing a career and ‘learning a trade’

One of the most common reasons for doing an apprenticeship among our participants was that they felt it would provide them with a trade that they can rely on throughout their lives. Apprentices in hairdressing, engineering and hospitality (those training to be chefs) were most likely to talk about their occupation as a ‘trade’ and as providing a career over the long term.

A number of participants in hairdressing and engineering in particular mentioned the security of having a qualification in a skilled occupation. The recession made this even more important to them, but they also talked more broadly about the security it offers.

‘It’s always something to fall back on. If you try something different, you’ve always got that to go back to. It’s like insurance really ... no one can take that qualification off you.’ (Engineering apprentice, male, 20, Newcastle)

Participants were particularly positive about the clear career path offered by apprenticeships compared to their perceptions of more academic qualifications. There was widespread scepticism among the young people we spoke to about the employment benefits of academic qualifications.

‘Everybody who’s done their A-levels, done their university, and they’ve done their degrees ... they go and they work in Marks and Spencer’s [or] they haven’t got a job.’ (Hospitality apprentice, male, 26, Belfast)

In a minority of cases, the opportunities for career progression created by apprenticeships were specifically linked to the fact that in particular organisations or occupations a certain level of qualification was required to do higher-paying jobs. This was particularly the case for the two social care apprentices and with a minority of retail apprentices.

In other cases, there was a more general concern about ‘moving up’ and the apprenticeship was seen as important in this context.

‘Since I’ve been doing an NVQ, the manager’s been thinking about making me a supervisor and then I can move up and maybe get into being a regional manager or even area manager. So it gives you loads of options to move up.’ (Retail apprentice, female, 18, Manchester)

More usually, however, the concept of a trade or long-term career was less prevalent among retail apprentices, partly because of the more generic nature of the work. The main attraction for this group of apprentices was the ability to get a qualification while maintaining the same earnings. This also perhaps reflects the fact that most retail apprentices were recruited onto the course via their employer rather than making an active decision to start an apprenticeship. There was some suggestion that the additional work involved in a retail apprenticeship was not particularly demanding, which made it more attractive.

Work experience

As well as the key issue of gaining a trade or career for life, participants highlighted their desire to gain work experience as one of the key motivations for doing an apprenticeship. In particular, participants contrasted the practical learning gained through an apprenticeship with the training offered in FE colleges. This was particularly important in hairdressing and early years, where hands-on experience was felt to be vital to their future employability.

‘It’s more beneficial if you go into an apprenticeship because if you go to college you’ll have to retrain again. You’ve got no experience, hands on experience ... You won’t get taken on in a salon if you go into college, you’re not up to standard.’ (Hairdressing apprentice, male, 17, Cardiff)

Participants also thought that the kind of work they did in the workplace was very different, and often more advanced and more relevant to employers, than the experiences they would have in college.

‘When I went on the job, it was totally different to what we did in college. In college, we did welding, bench-fitting and sheet-metal work. Then when I went into CNC milling, it’s programming and machine-setting and things like that. It was just completely different.’ (Engineering apprentice, male, 19, Newcastle)

These were points raised strongly by the employers we spoke to, particularly in the hairdressing sector, and we discuss this in more detail in Chapter 5.

An alternative to full-time education

As mentioned above a number of participants had started an apprenticeship after leaving a college or university course early because they did not want to pursue a traditional academic route. This was also a clear motivation for a number of other apprentices.

‘I just didn’t want to go to university and I thought that [an apprenticeship] was a good, sensible option, instead of just leaving school and getting a job and staying on the same wage the rest of your life.’ (Engineering apprentice, male, 21, Newcastle)

Participants were clear that they remained interested in learning, but that a school or college setting was not appropriate for them.

‘I wanted to learn, but then you’re not stuck at college all day. If I went all week [to college], I know I wouldn’t go if it was all week because I’d just get bored.’ (Hairdressing apprentice, female, 17, Margate)

Pay

Although most participants had strong feelings about their pay once they started working (explored in the next section), pay seemed to be less important than some of the other factors discussed above in influencing young people to start an apprenticeship.

A minority of participants were clearly motivated to do an apprenticeship primarily because of the wage.

‘That was the main reason [pay]. Once I started it, I realised that that was the better choice anyway, because you were getting more experience and stuff. But pay was the main reason.’ (Early years apprentice, female, 21, Glasgow)

Of those who were motivated by the pay, some talked about wanting to have earnings ‘straight away’ rather than waiting until they had achieved academic qualifications.

Where young people had started working before beginning their apprenticeship, it was important for them to be able to continue earning a wage while working towards a qualification.

‘The plan for me was to work for a year and then go back to college. But when I found out you can get qualifications at the same time as doing the job, it would be hard to give up the wage now.’ (Retail apprentice, female, 18, Manchester)

A small number of participants also said that the low wage associated with apprenticeships had initially put them off applying for an apprenticeship until other factors had changed their minds.

‘I think it was the money that put me off at the start. I was only 16 when I left school and I was in a call centre that was giving me £400 every two weeks and now I’m 21 and only getting £120 every two weeks.’ (Hairdressing apprentice, female, 24, Belfast)

However, for the majority of participants, although the presence of a wage was important, the level of apprentice pay was a secondary issue when they were making the decision to start an apprenticeship. There was one important caveat to this: most participants felt that apprentice pay had to be considerably higher than the Educational Maintenance Allowance (EMA)², which was their main point of comparison.

‘I just wanted the money as soon as I left school. At sixth form you didn’t get paid unless you were on the EMA and that was only £30 a week.’ (Engineering apprentice, male, 20, Newcastle)

Participants made two other comparisons when discussing their wages: the incomes of full-time university students; and wages for jobs without training. Most participants, but particularly those in engineering, felt that their pay compared very favourably to the income of full-time students, which added a further motivation.

‘You see your mates that’s at college and uni and not able to go out on the weekend ... They’re like, oh mam, can I borrow some money but you’ve got your own money.’ (Engineering apprentice, male, 20, Newcastle)

The majority of participants recognised that the apprentice wage was significantly lower than the wage they could earn in a job without training, but most current apprentices were willing to tolerate this in return for the long-term benefits. We return to this point in more detail in the next chapter.

A number of participants were unclear about how much they would be earning before they started their apprenticeship, which further suggests that the level of apprentices is not a major influence on decision-making.

2. The EMA is a means-tested allowance worth up to £30 and paid to young people aged 16 to 18 in full-time education.

'I remember at my interview, I asked a wee bit but you don't really want to ask about pay and things ... I don't think they explained that until I actually started.' (Early years apprentice, female, 21, Glasgow)

Younger apprentices starting straight from school, for whom the apprentice wage would be their first source of income, had also not been very concerned about the level of pay when they first started their apprenticeship.

Survey findings

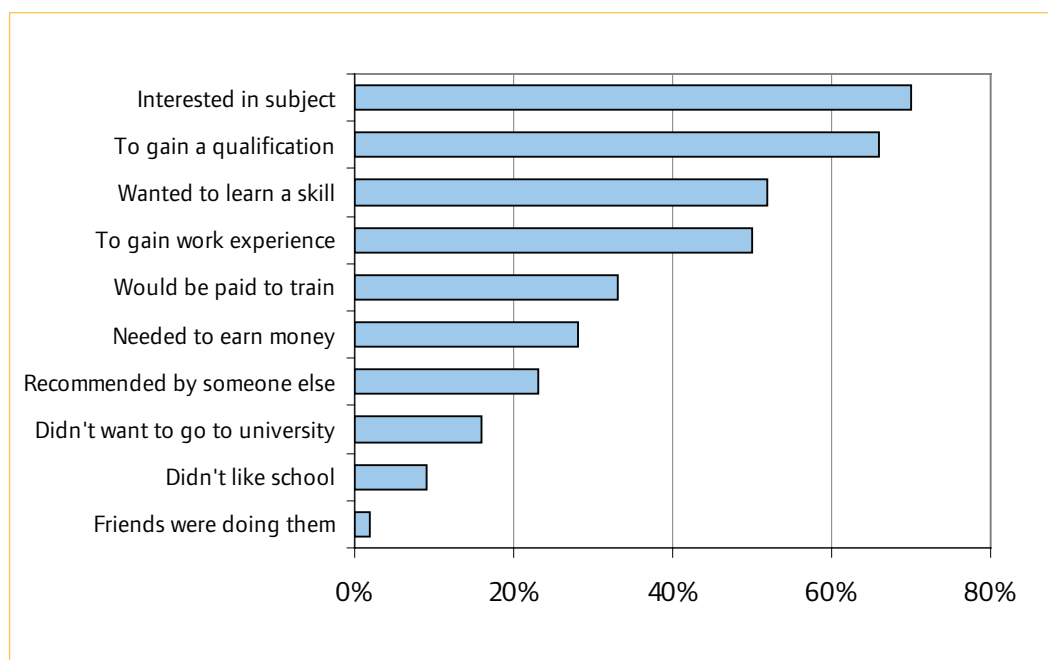
Our survey results for current apprentices in England confirm some of the findings from our focus groups about young people's motivations for starting apprenticeships, although there are some important differences. Figure 1 shows the reasons why respondents started an apprenticeship:

- The two most common reasons that respondents reported for starting an apprenticeship were having an interest in the subject (69 per cent) and the desire to gain a qualification (66 per cent).
- The opportunity to learn a skill and gain work experience were also very important to respondents, at 51 and 49 per cent respectively. To some extent, these responses differ from those of our focus group participants, who were more likely to talk about apprenticeships in terms of learning a trade or skill, and less likely to talk explicitly about gaining a qualification, although having a formal qualification was clearly linked to the idea of having a 'trade for life'.
- Factors around earning a wage were slightly less important in our survey, although still significant for a number of respondents. The opportunity to be paid for learning was important for just over a third of respondents (36 per cent). Just under a third (28 per cent) also started an apprenticeship in part because they needed to earn money. This differs slightly from our focus group participants who very rarely discussed a need to earn a wage.
- Just under a quarter (23 per cent) had had an apprenticeship recommended to them by a parent, friend, teacher or careers adviser.

Figure 1. Reasons for starting an apprenticeship

Source: Survey of current apprentices in England (excluding apprentices in business admin.), summer 2009

Total respondents = 160; multiple choice question so responses do not sum to 100%



Summary and conclusions

- For many participants, the decision to start an apprenticeship was directly influenced to some extent by family background and advice from careers advisers and teachers. Hairdressing and engineering apprentices were more likely to be influenced by the occupation and views of their parents.
- In some cases, participants had been dissuaded or discouraged from doing an apprenticeship by parents or careers advisers. This could mean that there are some young people who would like to do an apprenticeship but are not given the opportunity to, and this is supported by other research (Skills Commission 2009).
- Participants also had their own reasons for wanting to do an apprenticeship, some of which were based on information from family, friends, careers advisers and teachers. The main reasons were: wanting to be qualified in a particular trade or skill, and the longer term career benefits of this; the opportunity to gain work experience; the chance to continue learning but outside a formal educational environment; and the ability to earn a wage.
- Hairdressing and engineering apprentices were more likely to talk about their apprenticeship in terms of a 'trade' and were also more likely to be influenced by the occupation and views of their parents. Retail and hospitality apprentices were more likely to be motivated by the ability to maintain their earnings while gaining a qualification.
- Although pay was clearly a motivating factor for many of the participants, it was rarely the only or main motivation for doing an apprenticeship. The other factors listed above appeared to be more important for most participants, although a small number were motivated primarily by the wage attached to apprenticeships.
- Where pay was important, it was the presence of a wage that was more important than the *level* of pay, as long as the wage was considered to be significantly higher than the EMA. The comparison with earnings in a job without training was not considered by most participants to be particularly relevant because participants understood the longer term trade-off between low wages and training now and higher earnings in the future.

3. Young people's experiences of apprenticeships

We now consider participants' experiences of apprenticeships, including the group of early leavers. We start by outlining the earnings of apprentices in the focus groups, before discussing their views on their pay, the quality of training, and the relationship between the two. We look in particular at the role of pay in influencing young people's decision to complete an apprenticeship.

Apprentice pay

Among our focus group participants, pay³ varied by sector and also within sector.

Hairdressing

Except in two instances, where hairdressing apprentices were being paid between £250 and £300 a week, all hairdressers were receiving weekly earnings of between £80 and £120. In England, the majority were on the £80 (£95 from 1 August) LSC/NAS weekly rate. Outside England, wages were not necessarily lower, although in two cases in Belfast, hairdressing apprentices were receiving £60 a week. Hairdressing apprentices were the lowest paid among our focus group participants. This is in line with the findings from the 2007 survey by the Department for Innovation, Universities and Skills (DIUS) of apprentice pay in England, where hairdressers were paid an average of £109 a week.

We also found two instances, one in Belfast and one in Cardiff, where hairdressing apprentices were apparently not receiving the national minimum wage despite being entitled to it. In both cases, this had occurred when the apprentice had turned 19 and had been doing the course for more than a year, and so the minimum wage exemptions no longer applied⁴.

Early years

Pay in the early years sector varied from approximately £90 a week to a top rate of £230 a week. Two participants in Glasgow were earning approximately £90 a week, indicating that their employers were making use of the minimum wage exemptions. The rest of the apprentices in this sector were earning around the minimum wage, and none were earning very much above the adult minimum wage. For comparison, early years apprentices in England were earning £142 on average a week in 2007 (Fong and Phelps 2008).

Retail

Wages in retail were similar to early years, if slightly higher, with two people on the LSC/NAS minimum rate and the rest earning between £190 and £260 a week. Most retail apprentices were on the adult NMW rate, reflecting the fact that the majority were already working when they started their apprenticeship. Fong and Phelps (2008) found that the average wage for retail apprentices in England in 2007 was £168.

3. Pay data from focus group participants was collected through a self-completed form where participants were asked their hourly, weekly, monthly or annual wage gross of tax. Participants were asked to use the time period they preferred because it can be difficult for people to translate their pay into a weekly amount. Where participants provided pay information in hourly, monthly or annual terms, we have estimated an equivalent weekly amount, assuming that participants were working a 40 hour week. This was a reasonable assumption because almost all the participants who provided pay information in this way were working full-time and were doing very little or no off-the-job training. However, it does mean that we can only provide estimates of gross weekly earnings.

4. In both cases, we advised them to talk to their employer to seek clarification about their wage entitlements and to contact their training provider and/or HMRC if they still had concerns.

Hospitality

The lowest single wage among our participants was in hospitality. One 16 year old apprentice in Glasgow was earning approximately £46 a week. This sector also had the highest apprentice wages, with four people earning between £260 and £270 a week. Two hospitality apprentices were on the LSC/NAS minimum and a further two were earning £190, which is equivalent to the NMW development rate for 18 to 21 year olds. In the DIUS 2007 pay survey, hospitality apprentices were earning an average of £187 a week (Fong and Phelps 2008).

Social care

We only had two participants working in social care, one earning £230 a week and the other £280 (the highest wage in our focus groups).

Engineering

Earnings in engineering were not particularly higher than in the other sectors, excluding hairdressing. Wages varied from £80 a week for a new starter to a maximum of £265 a week, with most participants earning between £190 and £230. Most engineering apprentices reported starting on low wages, in the region of £80 a week, and received wage increases after the first six or 12 months. In 2007, engineering apprentices in England had average weekly earnings of £189 (Fong and Phelps 2008).

Survey responses

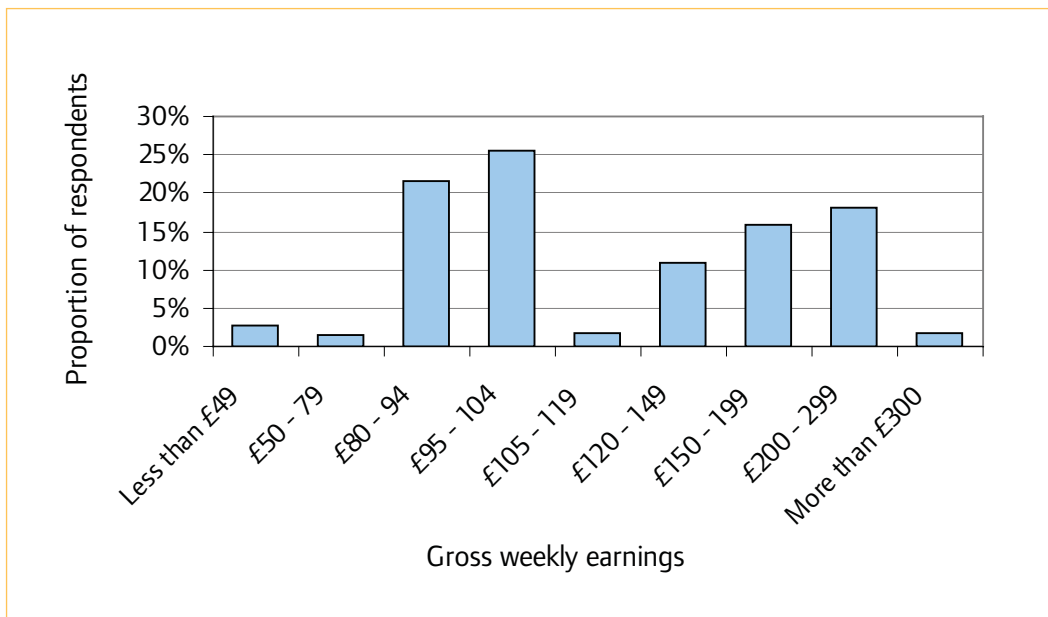
Figure 2 below shows the average weekly earnings reported by survey respondents in England. The chart shows two clusters of responses, one around the LSC/NAS rate of £80 (or £95 from 1 August) and one higher up the earnings distribution between £120 and £299. This suggests that, broadly, among our respondents there was one group of apprentices paid around the LSC/NAS rate and another group whose pay was substantially above this level.

In the survey, apprentice pay in three of the sectors for which we have sufficient data – business administration, construction and early years – follows a very similar pattern, with peaks around the LSC/NAS rate and the £150 to £299 level. In hairdressing, and health and social care, the pattern is of earnings skewed towards the LSC/NAS rate and very few respondents had earnings above the £95–£104 bracket.

Figure 2. Average gross weekly earnings reported by survey respondents in England

Source: Survey of current apprentices in England (excluding apprentices in business admin.), summer 2009

Total respondents = 144. A further 16 were unwaged. Av. weekly earnings before tax and NI.



Young people's perspectives on current apprentice pay

The variation in pay among focus group participants meant that a range of opinions were voiced on the subject, although most comments were either negative or neutral.

A number of participants recognised that their earnings were very low and felt that their wages were insufficient to enable them to live independently. Many lived with their parents or were supported by the wages of partners, although many of these participants still felt their wages were inadequate.

'I think it feels like you're getting literally nothing because once you've paid your rent and you get the essential stuff that you think you need, it's like you've got £100 left [for a month]. You can't buy nothing with that because you know you'll be literally left with nothing for the rest of the month.'

(Hairdressing apprentice, female, 17, Margate)

A small number of participants had a second job to supplement their apprentice earnings.

A number of participants felt that they did similar work to colleagues who were not doing any training, which made the difference in their wages seem unfair. This seemed to be a particular problem in early years and hairdressing.

'We're treated as qualified staff. We are expected to do the same. We're totally getting paid a lot less. It's frustrating.'

(Early years apprentice, female, 19, Glasgow)

However, some participants stated quite explicitly that they were not concerned about their current earnings, even though they recognised their pay was relatively low.

'I don't really care about the pay. I know I get really rubbish pay for the hours I do.'

(Hairdressing apprentice, female, 17, Margate)

Some participants also raised concerns about the EMA because they felt it represented a 'wage' for college students who are not in employment.

'The EMA annoys me. A few of them get the £30 a week but then their mum gives them £20 a week, and they can just spend it on beer. That's £50 a week for doing nothing but I have to work full-time and study at the same time.'

(Hospitality apprentice, male, 18, Manchester)

However, despite generally negative views about their wages, most participants recognised the trade-offs involved in undertaking apprenticeships. In return for low wages to start with, most participants (excluding the early leavers) felt that they would receive two key benefits in return: regular and significant pay rises over their career; and higher job satisfaction, both now and in the future.

Participants felt that their pay was likely to increase regularly and significantly over their working life. This was often couched in terms of a comparison with friends who were currently earning higher wages but working in jobs that were perceived to offer few opportunities for increasing wages in future.

'Mates I've got that work in the call centres that get £900 a month and then I was getting £220 [at the beginning of the apprenticeship]. But then you think, well, they're going to be stuck on £900 and that's it. The way that I look at it is, after I'm out, it'll just keep going up and up and up because I can progress further up and they can't really go much further.'

(Engineering apprentice, male, 20, Newcastle)

Participants also referred to qualified colleagues who had taken the same route and now had much higher earnings. This gave them a sense of their likely career trajectory and future earnings.

‘What gets me through it is that they’ve all been there and done it as well and they’re now the top stylist. You know that in one and a half years’, two years’ time, you’re going to be in their position.’ (Hairdressing apprentice, female, 17, Margate)

Some participants pointed to the higher earnings available to qualified staff as a clear incentive to finish the apprenticeship, regardless of their current pay.

‘It’s an incentive to finish, isn’t it? You get a [low] wage at the start but if you can stick through it, you know that by the end of it you won’t be on a [low] wage.’ (Engineering apprentice, male, 20, Newcastle)

Participants also felt they had the opportunity to do a job which is enjoyable and rewarding, and again this was often discussed in relation to the (inferior) job satisfaction enjoyed by friends and peers.

‘It [the pay] don’t compare to working at Tesco but then a lot of people that I know that do work there, they come home and they’ll be sick of their job because they’re literally stacking shelves all day or sitting at the counter. Whereas in our job it’ll be wash up or set this person so you never know what you’re going to be doing. So it is worth it in the long run because you’re always going to have something different to do.’ (Hairdressing apprentice, female, 17, Margate)

There was also a strong feeling among a number of participants, particularly in hairdressing and engineering, that the level of apprentice pay was almost irrelevant if the job provided job satisfaction, and that higher pay would only be required if job satisfaction was low.

‘I think if you’re happy in a job then it doesn’t matter about the money really. If you were in a [bad] job with [low] money then you’d want more, wouldn’t you? If you’re happy going to work then you wouldn’t care.’ (Hairdressing apprentice, female, 17, Margate)

However, most of the participants who took this approach to their pay were in the younger age group (16–18) and were being financially supported by parents.

In our focus groups, participants did not discuss the interaction between apprentice pay and benefits, to which they, their parents or their partners may have been entitled. This was not raised directly by our focus group discussion guide and was not brought up by participants. However, this may be an issue that requires further research.

Training quality

Training arrangements for apprenticeships vary by sector and employer. Apprentices can receive a combination of on-the-job and off-the-job training, which is sometimes organised as ‘block’ training over a number of weeks at college or a training centre. There are no specific requirements for apprentices to spend a minimum number of days doing different kinds of training.

The apprentices in our focus groups were either doing a mix of on-the-job and off-the-job training (including some ‘block’ training) or just on-the-job training. The general pattern of training in each sector was as follows:

- Hairdressing: the vast majority did one day a week off-the-job training. A small number did half a day a week.
- Early years: most participants either did no off-the-job training or one day a month.
- Social care: the two social care apprentices did no off-the-job training.

- Hospitality: training arrangements varied in this sector with some participants doing one day a week off-the-job training and some doing none.
- Engineering: varied considerably depending on the stage of apprenticeship. Some participants did one day a week at college, some did no off-the-job training, and some did 'block' training.

We found that the quality of training, as judged by participants, varied considerably across and within sectors. There also seemed to be some relationship between training quality and pay, with apprentices on the lowest wages also often reporting the poorest quality training.

The quality of training in engineering was generally considered to be very good, reflecting previous studies of training quality in apprenticeships (Hughes and Monteiro 2005, Steedman 2008). Engineering apprenticeships tend to last much longer than apprenticeships in the low-paying sectors, and most of the participants had completed lengthy periods of college-based training before entering the workplace or did regular periods of 'block' training. Industries like engineering have more of a history of training apprentices and participants generally felt supported by colleagues and managers in their training. This was also the case in hairdressing, where there is a history of employing trainees or juniors, even if they have not been referred to as apprentices in the past, although the quality of training in this sector was much more variable.

In some of the other low-paying sectors, particularly retail and hospitality, formal training through apprenticeships is a relatively new concept and it was clear that some employers were much less keen to devote time to training or supporting apprentices. This had an impact on the quality of training apprentices received and meant that training in the low-paying sectors was much more variable.

Although many hairdressing apprentices felt that the quality of training they received was very good, a number felt that the training was minimal and they were often used as a cheap way to do menial tasks.

'I'm constantly cleaning. All I do is clean and wash hair for four days a week for £60.' (Hairdressing apprentice, female, 21, Belfast)

A number of participants in retail and hospitality also felt that they were receiving very minimal training and were essentially completing the apprenticeship to certify pre-existing skills and knowledge.

'I wouldn't say it's training. It's about getting a qualification in the job that I'm doing. It's about putting it into a portfolio, really, to get the qualification at the end.' (Hospitality apprentice, female, 24, Manchester)

Despite the variation in training quality, participants agreed that the relationship with assessors was viewed as being particularly important and participants compared assessors favourably with teachers. Assessors can act as mentors, sharing their knowledge, negotiating workload and training quality with employers and testing apprentices on key skills.

'It's got a friendly basis to it. They're just seeing if everything's alright, if you're enjoying work ... It's not like a teacher coming in, so it's a better way to actually tell them how everything's going.' (Engineering apprentice, male, 21, Newcastle)

However, some participants questioned the role of assessors and the level of support they provided. This was more common in retail, hospitality and hairdressing and fed into some of the problems that participants reported about quality of training.

‘They don’t seem to do a great deal ... I ask my boss if I need help ... You ask them, what should I do about this and they say, oh, you should ask someone at work because everywhere is different, so you just have to ask someone at work rather than rely on the assessor.’ (Hospitality apprentice, female, 24, Manchester)

Early leavers: the relationship between pay and training quality

A key message that emerged from our focus group in Manchester with people who left an apprenticeship without completing it was the close relationship between training quality and pay. Unlike our other groups, where pay varied considerably, all but one of the participants in the early leavers group had been receiving the LSC/NAS rate (then £80 a week) when they left.

Their reasons for leaving were not straightforward but in most cases it was the result of a combination of low pay and poor quality training. Some participants said the primary reason for leaving early was low pay but this was always in the context of not enjoying the work and receiving poor quality training.

‘The main issue for me was the money. By the time I paid childcare I only had £40 left ... I didn’t want to be in that field anyway. I didn’t really enjoy it, the long hours, and I came home and had kids to sort out.’ (Former hospitality apprentice – early leaver, female, 24, Manchester)

Other participants were more explicit about poor quality training as the main reason for leaving early. Among almost all the participants in this group, there was a strong feeling that they had received very little training and few opportunities to develop skills in the workplace, and instead were simply left to do the most menial tasks.

‘It was just repeating myself, just doing the same three things ... You know when you get a Saturday job? I felt like I was just doing that all week.’ (Former hairdressing apprentice – early leaver, female, 19, Manchester)

‘It was just coffee making and [stuff] like that. It was just data work on the computer ... typing in certain people’s names and then cancelling, whatever.’ (Former retail apprentice – early leaver, male, 17, Manchester)

A frequent complaint among the early leavers was the long hours, which were not matched by additional pay.

‘They just said to me it would be a general 9 to 5, but some days I wasn’t getting out til 7pm because obviously people’s hair don’t always finish at 5, and then you have to clean up after. I was still getting paid exactly the same, that was the problem.’ (Former hairdressing apprentice – early leaver, female, 19, Manchester)

Overtime pay was generally not available, and, in contrast to our other groups, hairdressing apprentices said they did not have the opportunity to earn tips. This was possibly because they had all been in the early stages of their apprenticeships (less than six months in) when they left.

Even those participants who did not leave because of poor quality training still referred to their low wages as a factor in deciding to leave. A participant who left because of difficult relationships with colleagues felt the low pay made the situation less tolerable.

‘Because I wasn’t happy, the money I was getting wasn’t enough to keep me there ... Probably if people had been nice I would have stayed but because I didn’t like it, £80 wasn’t enough.’ (Former retail apprentice – early leaver, female, 18, Manchester)

Some early leavers were also unhappy that some of the assurances they had been given about pay increases did not materialise. It was interesting that this issue did not come up in the other focus groups.

‘If you were achieving targets, you should have been able to get bonuses. That’s what the college said and my employer agreed, but it never happened. Never anything happened about it ... it [weekly pay] should have gone up £10.’ (Former hospitality apprentice – early leaver, female, 24, Manchester)

Plans for the future

Among current apprentices, three participants said they were actively considering leaving the apprenticeship early, or had in the past. All three were in hairdressing; one was earning £60 and the other two were earning £80. This small group included both the apprentices who appeared to be eligible for the national minimum wage but were not receiving it. Their reasons for thinking about leaving were similar to those given by the participants in the early leavers group: a combination of low pay and poor quality training, but with an emphasis on the quality of training.

‘[It’s] the work and the money. I like the apprenticeship and the training, but I’d rather do more training, that’s what I’m there for. I don’t want to be a slave.’ (Hairdressing apprentice, male, 17, Cardiff)

However, all three were keen to stay in hairdressing, and said they would transfer to a different employer and try to finish their apprenticeship if possible.

The rest of the apprentices who took part in our focus groups all intended to finish their apprenticeships. Participants had a range of ideas about what they might do once they had completed their apprenticeship:

- *Continue working:* Just less than half (19) of the current apprentices we spoke to planned to continue working once they had completed their apprenticeship. Of this group, just over half planned to stay with their current employer, while just under half wanted to move to a different employer. This was mainly because promotion opportunities were limited in their organisation or they knew of employers who offered better pay and conditions.
- *Apprenticeship at a higher level:* About a fifth of participants wanted to start an apprenticeship at a higher level when they had completed their current course.
- *Travel or work abroad:* A further fifth planned to travel or work abroad. This option was very popular among participants in Margate and Belfast. Hairdressing in particular was seen as an occupation that could be easily done abroad, with plenty of opportunities in countries like Australia and New Zealand.
- *College or university:* A smaller number of participants (six in total) expressed an interest in completing a college or university qualification. This was particularly popular among engineering apprentices. Participants felt there were opportunities to use their apprenticeship as a route to university, by doing Higher National Certificates (HNCs) or foundation degrees in many cases.

In our survey, over 90 per cent of current apprentices in England intended to finish their apprenticeship. The small number of respondents who said they might not complete their apprenticeship had a range of reasons and no overall pattern emerged.

Summary and conclusions

- Apprentices were generally unhappy about their pay and recognised that it was relatively low, compared with both their ‘qualified’ colleagues and to friends in jobs without training.

- Apprentices in the lower paying sectors, although to a lesser extent in hairdressing, were more likely to feel that they did a similar kind and amount of work as their non-apprentice colleagues. They were therefore less tolerant of the lower apprentice wage. This raises important questions about the quality of training and the different treatment of apprentice and non-apprentice staff by employers in some low-paying sectors.
- Participants in engineering, and in hairdressing to some extent, were more likely to accept larger pay differentials between apprentices and fully trained workers. These sectoral differences may reflect differences in training provision and length, and historical differences in the use of apprentices.
- However, for most apprentices, factors beside pay – primarily job satisfaction and the promise of higher earnings in the future – were sufficient to motivate them to complete their training.
- Where low pay had a role in causing young people to leave apprenticeships early, or to consider doing so, this was primarily because it was linked to poor quality training and negative experiences in the workplace. Pay was rarely the single or primary factor in participants' decision to leave their apprenticeship, although among the young people we spoke to there seemed to be a relationship between low pay and poor quality training.
- Training quality varied across and within the different sectors, with all the engineering apprentices and most hairdressing apprentices reporting good quality training. Training quality was less favourably reported among apprentices in retail and hospitality, although some participants in these sectors were positive about their training.

4. Young people's views on a national minimum wage for apprentices

In this chapter we consider in detail the attitudes of focus group participants towards the possibility of a national minimum wage for apprentices. We also look at their views on the current pay arrangements for apprentices, and their awareness of how the minimum wage exemptions operate for apprentices at the moment.

Current apprentice pay arrangements

We begin this chapter by looking at participants' understanding of, and views on, current apprentice pay and the existing NMW rules.

Awareness of existing pay arrangements for apprentices

Participants in our focus groups were generally aware of the current rules around apprenticeship pay, and awareness and understanding of the minimum wage exemptions was high.

In England, almost every participant was aware of the NAS/LSC minimum and awareness of the increase in this rate which came into force on 1 August 2009 was also high. We found no cases of apprentices in England receiving below this rate. Outside England, many participants were also aware that apprentices were not entitled to any minimum payment.

Some participants had some understanding of the rules governing entitlement to the NMW at age 19. However, in general there was less clarity about when the NMW applies to apprentices and many participants were unclear about the precise rules on age and duration that govern the NMW eligibility for apprentices. As already discussed, two people were not receiving the National Minimum Wage although they seemed to be entitled to it, and the lack of clarity about the age and duration rules seemed to be the cause. This confusion was also picked up in interviews with employers and is discussed in the next chapter.

Attitudes towards the existing age-related NMW rates

Many apprentices were strongly opposed to the existing age-related rates. They felt that it was meaningless to distinguish between employees on the basis of age, particularly because in their sectors, age did not have an impact on the type of work or the workload that was undertaken.

'I don't understand what's up with the age thing. If you're 16 you're still going to be doing the same as the 18 year olds. I think if you do the same work you should all be getting the same sort of wage ... it's not like we're not earning our money.' (Hairdressing apprentice, female, 17, Margate)

However, some participants felt there were legitimate reasons for the existence of a lower NMW for younger workers, although not necessarily in line with the current arrangements.

'There's certain hours you can't work if you're under 18. You can't work past midnight, I think. My mate used to work in a pizza place and he couldn't work past midnight so he couldn't lock up, so you're less valuable to them. So maybe the 18 bracket is fair enough but I don't understand the difference after 18.' (Hospitality apprentice, male, 18, Manchester)

A national minimum wage for apprentices: the 'moral' arguments

Participants generally had two approaches to their views on a minimum wage for apprentices: a 'moral' argument (for and against) and the practical impacts (positive and negative). In this section, we discuss the moral arguments surrounding an apprenticeship minimum wage before moving on to consider participants' thoughts about the practical implications.

In the remainder of this section, it is important to note that participants tended to assume that a minimum wage for apprentices would be higher than the current NAS/LSC rate or, outside England, the lowest weekly wages received by members of the group, even when we explained that this might not be the case. This assumption clearly influenced their views on a minimum wage for apprentices.

‘Decent pay for a decent day’s work’

The most common argument for the introduction of a minimum wage was a moral one: apprentices work hard and contribute to the success of an organisation, and so deserve a reasonable wage in return.

This view was closely linked to the idea that apprentices should receive the current NMW rates, rather than a specific (and lower) apprentice rate, a view widely held by participants, except in engineering. This belief was strongly rooted in the idea that apprentices do the same amount and type of work as employees not in training, and was particularly prevalent among apprentices in the low-paying sectors.

‘[It should be] the minimum wage because they’re doing the exact same hours and the exact same work as somebody else. Why should they get paid any less?’ (Retail apprentice, male, 20, Margate)

Although it is not possible to verify that is the case among the young people we spoke to, if it is, then as we pointed out in the previous chapter, it raises questions about the amount of training available to apprentices and the different roles of apprentice and non-apprentice staff.

In fact, many participants argued that apprentices do more work than employees who are not training (including those who already have a qualification). The combination of working and studying was thought to create extra pressures on apprentices, particularly when apprentices had to complete written work at home outside of work hours.

‘Apprentices are working just as hard and have a whole pile of work to do when they get home. It is actually really hard ... They should at least get what everyone else is getting.’ (Early years apprentice, female, 21, Cardiff)

In the focus groups, participants were challenged to think about how they would feel once they finished their apprenticeship if they found that apprentices were on similar pay. However, a number of participants maintained that they would be happy with such a situation. This was partly because participants felt that qualified staff were likely to be earning above the NMW anyway and partly for ethical reasons.

‘I don’t think you should begrudge somebody something that you want for yourself. If I wouldn’t work for £60 a week, I wouldn’t want somebody else to do it. I would be happy that someone was getting good money and that things were improving. But I think as a qualified stylist, you’re probably earning a wee bit more than the minimum wage anyway.’ (Hospitality apprentice, male, 26, Belfast)

‘Trainees should get less than qualified staff’

However, some of the young people we spoke to recognised that having trainees and qualified staff on the same pay rates could be problematic. A number of participants argued that pay differentials should continue to reflect differences in experience and qualifications.

This view was particularly strong among engineering apprentices, perhaps because the length and quality of training involved in engineering apprenticeships creates a greater distinction between trainees and qualified staff.

‘I understand the low wage at the start because if you compare yourself to someone that’s been doing it for thirty years, you cannot expect half his pay if you cannot do half his work.’ (Engineering apprentice, male, 21, Newcastle)

Despite these reservations, all participants remained in favour of the principle of a national minimum wage for apprentices. Disagreement only arose over the level at which such a minimum should be set.

A national minimum wage for apprentices: participants’ perspectives on the potential impacts

Participants had a range of views, sometimes contradictory, on how a national minimum wage for apprentices might impact on the provision of apprenticeships across the UK.

Positive impacts

The potentially positive impacts that participants discussed centred on the increase in the number of young people wanting to do apprenticeships and higher completion rates.

Increase in number of young people wanting to do apprenticeships

Many participants felt that a national minimum wage for apprentices would encourage more young people to do apprenticeships and this was generally thought to be positive. This view was informed by a feeling that government(s) would like more young people to do apprenticeships and that low apprentice wages currently discourage many young people from starting apprenticeships.

‘I think if they [the government] did make it more beneficial and more financially appealing to young people, you know, give them a decent wage for a decent day’s work, I think more people would do it.’ (Retail apprentice, female, 24, Belfast)

Although most participants understood why their pay was lower than peers in jobs without training, some participants felt that this could deter some young people from starting apprenticeships.

‘I think that’s what puts people off. They say, I’m not doing an apprenticeship for £40 a week when I could get a job for like £200.’ (Engineering apprentice, male, 20, Newcastle)

Increase in completion rates

Many participants also thought that a national minimum wage for apprentices would help to improve completion rates, which are low compared to many other vocational qualifications (Office for National Statistics 2009). Again, this was often in the context of the higher wages available in jobs without training.

‘It does give them an extra incentive to stick at their courses. People will go in and do their courses for two or three months and I would say more than 50 per cent, why did you leave? Because of the money. I think they see their mates earning £100, £150 a week and they’re going out to clubs and they [the apprentice] can’t go out.’ (Hospitality apprentice, male, 26, Belfast)

Among the early leavers we spoke to, there was some agreement that a higher wage may have encouraged them to complete their apprenticeships, even if the other elements of the course remained of concern.

‘You would put up with it more if you got the minimum wage because you would be getting more money.’ (Former hospitality apprentice – early leaver, male, 20, Manchester)

However, other early leavers were more concerned about the quality of the apprenticeship programme than the pay, and so higher wages would have had less effect on their decision to leave early.

‘If they let you do more, you’d feel like you wanted to stay there. Otherwise, it’s just the same monotonous job day in, day out. For me, the money was less important.’ (Former hospitality apprentice – early leaver, female, 21, Manchester)

Negative impacts

Participants also felt that a minimum wage for apprentices could have some negative impacts, both for themselves and for young people thinking about apprentices in the future.

Reduction in the number of apprenticeship places

The reaction of employers to the introduction of a minimum wage was a common issue among participants, with significant concern that employers would cut back on the number of apprenticeship places they offer.

‘I think if you brought in a minimum wage [for apprentices], you’re more than likely to see a lot of employers reduce their apprentices because they can’t afford them.’ (Retail apprentice, male, 23, Glasgow)

A small number of current apprentices felt that their own job would be at risk if a minimum wage was introduced for apprentices.

‘I think next year my boss will tell me just to go when she knows she has to pay me minimum wage. I think she’ll just go, “see you later”.’ (Hairdressing apprentice, female, 21, Belfast)

However, some participants felt that employers would be reluctant to reduce the number of apprenticeship places because apprentices bring additional income into a business, albeit indirectly.

‘With apprentices, you keep the shop going. That’s how they [stylists] make their money, because once we shampoo, they can have another client in, so it does keep them busier so they can earn more money.’ (Hairdressing apprentice, female, 17, Margate)

More intense competition for apprenticeship places

Extra competition for apprenticeship places may not always be negative if it leads to a better fit between the individual and an employer. However, a number of focus group participants were concerned about the additional competition that a minimum wage may create for young people like them. Engineering apprentices in particular were aware that apprenticeships are a popular option and anything that might increase their popularity could have the effect of increasing competition for places.

‘A load of people are trying to do them anyway and then if there was a minimum wage, a lot more people trying to do them and there might not be as many places.’ (Engineering apprentice, male, 20, Newcastle)

Some engineering apprentices also felt that the relatively low starting wages for apprenticeships helped to maintain the quality and commitment of apprentices. One participant in particular felt that a national minimum wage could attract less committed young people into apprenticeships.

‘I think it’s a way of whittling out all the weaker ones who want their money straight away and keeping the ones that want to be a tradesman. It’s a way of keeping them interested, saying you’ll get more money as you go through so you’re kind of like, oh, I want to get to the next stage and get more money.’ (Engineering apprentice, male, 20, Newcastle)

Impact on the quality of training

A further concern among some apprentices was the potential impact of a national minimum wage on the provision of training by employers. Again, it was engineering apprentices who were particularly mindful of this possibility, perhaps because they currently enjoy high-quality training that they do not want to sacrifice.

Engineering apprentices were concerned that employers might want to reduce the amount of time given over to training within a working week.

‘If they’ve got to pay, they’ll want more time of them [apprentices] working for them [the company] rather than learning.’ (Engineering apprentice, male, 19, Newcastle)

A number of participants in the engineering group also felt that employers might try to reduce the length of apprenticeships in order to cut training costs, and that this could have a negative effect on future employment.

‘The company that you end up with, are they going to want a rushed apprentice who doesn’t know what they’re doing as much as someone would have if they’d done four years, someone who cuts corners?’ (Engineering apprentice, male, 20, Newcastle)

A national minimum wage for apprentices: participants’ views on how it might work

In the focus groups, we discussed a number of different options for how a national minimum wage for apprentices might work.

An hourly or weekly rate?

There was widespread agreement that apprentices should be paid hourly to reflect the differing amount of work that apprentices do.

‘I think it should be hourly instead of weekly because I probably work less hours than you [another participant] because my salon’s only open four and a half days a week, whereas yours is open five days.’ (Hairdressing apprentice, female, 17, Margate)

Some participants also felt that an hourly rate would encourage apprentices to work their set hours or even additional hours. There was a feeling among some that an hourly rate does not provide a sufficient incentive for some apprentices to work their set hours.

‘It seems as if these [other focus group participants] are turning up to the salon and they could do nothing and know that they’re still getting their £80. But if they’re going and they’re getting a set amount of money for the hour, he just said he would turn up at anytime [to work] because he knew he’d be getting paid anyway.’ (Former hairdressing apprentice – early leaver, female, 20, Manchester)

A rate based on age, ability or year?

Not surprisingly, given participants’ unease with the current age-related NMW rates, there was support for an apprenticeship minimum wage based primarily on qualification level or

ability, rather than age. Some participants had experience of working with less able but older colleagues who were receiving higher pay.

‘In my salon, this girl had come in. She wasn’t at my standard but she was about three years older and I found out she was getting paid £100 more. I confronted my boss and he said it’s because she’s older than you. I thought that was really bad, really bad that they could do that.’ (Hairdressing apprentice, female, 20, Cardiff)

A number of participants also supported different rates depending on the year of the apprenticeship. Participants in the early leaver group in particular felt that an increase in pay in the second year could encourage apprentices to complete their course.

‘They could [make it so that] in your first year you get a set amount and then when you go into your second year ... you should go up to another rate – rather than being on £80 for two years, maybe £100 for the first year and then £130 for example in the second year. Maybe that’s what we should do with minimum wage, put it on to your second year, so that when you go into your second year, you have to have minimum wage.’ (Former hospitality apprentice – early leaver, female, 24, Manchester)

This quote also indirectly highlights a lack of knowledge among some participants about how the minimum wage exemptions operate. This participant was 23 years old when she started her apprenticeship and so would have been eligible for the minimum wage after the first year anyway, but she was not aware of this. This may be because she left within six months of starting, but she clearly was not aware of the potential increases in pay for older apprentices.

Should training be paid?

Most participants who received off-the-job training in a college or training centre also received a weekly wage, so they did not feel that their pay was affected by the amount of off-the-job training they undertook. The majority of participants who were paid an hourly rate or a monthly salary received little or no off-the-job training, so their pay was not affected by the amount of off-the-job training they did.

For most apprentices, there was no real distinction between on-the-job training and working. We have also seen elsewhere in this report that participants in low-paying sectors tended to feel there was little distinction in the work and workload of apprentices and non-apprenticed staff. These factors made it difficult for participants to think about how training time should be dealt with under a national minimum wage.

Some participants felt that even formal off-the-job training could not be separated from the work-based elements of their apprenticeship and should therefore be paid.

‘I spend a day training and I still class that as work because I’m still doing hair. I’m still doing something to do with hair and it is basically a full day of what I do at work. So I don’t see how college is any different.’ (Hairdressing apprentice, female, 17, Margate)

In other cases, apprentices did their off-the-job training when their workplace was closed, so they worked the same hours as other employees. Apprentices in this situation were not necessarily arguing that their training time should be paid, only that their pay should not be reduced to take account of time spent training.

Reforming apprentice pay: policy options put forward by participants

As well as discussing how a minimum wage for apprentices might affect the provision of apprenticeship places, focus group participants also came up with their own suggestions about how pay arrangements could be improved more generally. Most of the options were put forward in the context of the need to minimise the potentially negative consequences of introducing a national minimum wage for apprentices. Most of these options are clearly beyond the remit of the Low Pay Commission, but they do contain some interesting ideas that could form part of a package of measures if apprentice pay was to be brought under the NMW framework.

Government wage subsidies

A number of participants, particularly in the groups held in Belfast and Newcastle, suggested that government could contribute to employers' wage costs for apprentices. It was felt that this could increase the number of apprenticeship places and improve the quality of training provided.

'I think if the government said to employers here's a financial incentive for you to take on more trainees, they'd be more happy to do it. And they'd be letting their trainees do stuff that's more suitable for their qualification. Instead of cleaning, they'd be doing practical things, like, I'll show you how to cut a basic cut, I'll show you how to blow dry, stuff like that, and it would be a better training system.' (Retail apprentice [discussing hairdressing apprenticeships], female, 24, Belfast)

Apprentices in engineering, perhaps mindful of the relatively high costs of apprenticeship training in this sector, were particularly keen to see government support for apprentice pay if a national minimum wage were to be introduced.

'Is it going to be government funded or not, the minimum wage? So if it's going to be from the company then I don't think they'd do it. But if it was a government-funded minimum wage for the first year then they wouldn't have to pay anything for it, so I don't see why they shouldn't.' (Engineering apprentice, male, 20, Newcastle)

Pay increases linked to performance or qualification

As well as a national minimum wage in some form, many apprentices were keen to see regular increases in apprenticeship pay, and made suggestions for how this could work. Some suggested increases linked to gaining a particular qualification, for example, if a young person completed a Level 2 apprenticeship and was staying with the same employer to do a Level 3 apprenticeship.

'They could have a pay scale as well so it goes on when you get another qualification. It gives you that drive because otherwise you fall into thinking that your pay will never go up so what's the point ... [It] wouldn't just be an incentive but it would also be a reward for doing a qualification, which is what the government wants everyone to do.' (Hospitality apprentice, female, 24, Manchester)

Other participants suggested more regular increases within apprenticeships, perhaps linked to achieving particular modules or targets within the NVQ qualification.

'Every month or so you're learning new stuff and you've got more knowledge, so it should be only fair that they're paying you a little bit more for the little bit more that you learn. Because to be fair, I understand the low wage at the start.' (Engineering apprentice, male, 21, Newcastle)

Some participants also felt that bonuses should be linked to above-average performance, particularly as apprenticeships are completed at participants' own pace.

'I think they should set up a system where you get incentives for doing stuff ... Say, if you reach a certain point before other people on your course, if you reach a target first [you should get a bonus].' (Former hairdressing apprentice – early leaver, female, 19, Manchester)

This reflects the fact that participants generally accepted a low starting salary, given their lack of experience and skill, but expected to see regular (although not necessarily large) increases. This is particularly important in the context of low completion rates. It also reflects the preference for minimum wage rates based on ability or qualification level rather than age. In addition, many participants were aware that young people receiving the EMA could claim a bonus for returning for the second year of a college course, and they felt that a similar system should exist for apprentices.

Completion bonuses for apprentices

It was suggested by some participants that financial bonuses for completing both stages within the apprenticeship and the apprenticeship overall could also improve completion rates.

However, this system appeared to be operating in Belfast already and there was some debate about its effectiveness. One person had only become aware of the bonus towards the end of his course and felt that it would not have motivated him to finish the course if he had known about it earlier.

Probation periods for apprentices

Participants in the Newcastle group suggested a probation period for apprentices of two or three months during which a national minimum wage would not be applicable. This would allow employers to 'test out' an apprentice without having to pay them the national minimum wage rate. However, they also recognised that some employers could misuse such a system.

'There should be two or three months beforehand to see what they're [an apprentice] like because if they're paying them straightaway the minimum wage and they're [not very good]... You'd be able to prove yourself that you can do the job. But some companies will just pay them that little amount and say, oh, we're not happy with you and get another person in ... cheap labour.' (Engineering apprentice, male, 20, Newcastle)

This model is already used in a number of European countries and is thought to be at least partially responsible for their higher completion rates, because it allows the young person to try out an apprenticeship before starting it in earnest (Steedman 2008).

Summary and conclusions

- Our focus group participants were generally aware of the minimum wage exemptions for apprentices, but less clear about when the NMW applies to apprentices, for example, when apprentices turn 19.
- Participants had concerns about minimum wage rates based on age; and about weekly minimums. Participants preferred rates of pay based on ability, qualification or year of apprenticeship; and there was a strong preference for hourly pay.
- There was disagreement about whether it was legitimate for apprentices to be paid the same as fully trained staff. Apprentices in engineering and hairdressing were more likely to feel that apprentices should receive a lower wage; apprentices in early years, hospitality and retail were more likely to feel that apprentices should be paid the same

rate as qualified staff. This seemed to reflect a less clear distinction between apprentices and other staff in some of the low-paying sectors.

- There was some debate about whether the increase in young people wanting to do apprenticeships, which would be the likely result of a minimum wage for apprentices, would be positive or negative. Participants were also concerned about the impact on employers and on the provision of training.
- There was some evidence from our focus groups that a minimum wage for apprentices could have a positive effect on completion rates. However, other factors, particularly the availability of regular pay rises, could be equally important. For many participants, regular pay rises were more important than the level of the starting wage.
- Participants had a number of suggestions for innovative ways that pay arrangements for apprenticeships could be improved, most of which were aimed at supporting employers to offer apprenticeships or increasing completion rates.

5. Employers' perspectives on apprentice pay

In this chapter, we set out our findings from the 12 interviews we carried out with employers in low-paying sectors. We start by briefly examining their current practices around apprentice pay and their views on current arrangements for apprentice pay. We then consider their views on a minimum wage for apprentices.

Profile of the employers

We interviewed 12 employers who normally employ apprentices. Eight were hairdressing salon managers and four were nursery managers. They were located across the UK, including Wales, Scotland, London, North West England, Yorkshire, and South East England. They were all relatively small businesses, either single-site or a small chain of between two and five sites.

The number of apprentices employed ranged from one to 30, with most employing between one and five at any one time. Apprentices were recruited through a mixture of routes, sometimes directly through the employer and sometimes through training providers. All of the employers we spoke to actively recruited apprentices rather than employing people first and enrolling them on an apprenticeship later.

Current pay arrangements for apprentices

In this section, we briefly set out the arrangements for apprentice pay used by the employers we interviewed.

Apprentice pay

Eight of the 12 employers we interviewed used the existing minimum wage exemptions for the apprentices they employed. This was particularly the case in hairdressing, with seven out of eight salon managers we spoke to using the exemptions in some way. Of these employers, six paid apprentices at or around the NAS/LSC contractual minimum of £95 a week. The one salon manager we spoke to who was not based in England paid apprentices £90 a week, so very close to the LSC/NAS minimum, although he also gave apprentices a free bus pass.

One salon manager, in Surrey, paid slightly above the £95 level from the beginning of apprenticeships: here, apprentices were paid £106.50 a week for the first three months, increasing to £113.60 a week after three months, with further increases linked to performance⁵. The salon manager's rationale for paying above the minimum £95 level was to attract more committed apprentices:

'I feel it's worth paying a little bit more to get someone, to get their commitment as well, I think it acknowledges that people work hard each week.' (Salon manager, Surrey)

In one London-based salon, apprentices were paid £150 a week, well above the LSC/NAS minimum. The salon manager was aware of this but felt it was appropriate given the salon's central London location:

'You've got fares coming into town that aren't cheap, they've got to eat and they've got to be supported by their parents if you're paying them £95 a week. So we just made the decision to pay them £150, which is obviously a lot more [than the £95 minimum]. We value them and we're kind of fair like that.' (Salon manager, London)

5. These minimum rates are still significantly below the equivalent of the minimum wage for 16 and 17 year olds for a 40-hour week – £142.80 in November 2009.

Among the four employers we interviewed in the early years sector, use of the minimum wage exemptions was less common. One employer, in Edinburgh, used the exemptions and paid apprentices £100 a week. In the other three settings, there was no specific pay rate for apprentices and apprentices were on the same pay scale as other staff. In two settings, in North Wales and North Yorkshire, ‘unqualified’ staff (those without a Level 2 qualification) started on the age-related National Minimum Wage rates, including apprentices. In one setting in Glasgow, unqualified staff were paid considerably above this – £6.50 an hour regardless of age. For apprentices doing a Level 3 course, this increased to £6.95.

Working and training

In the majority of salons covered by our interviews, apprentices received one day’s off-the-job training. In some cases, this was on site at the salon but with the salon closed to ordinary customers, and in other cases off-the-job training was done at a college or training centre. In one salon, the current apprentice spent two days at college because she needed extra support, and in another salon, apprentices only did a day’s off-the-job training once a fortnight.

Training arrangements in the early years settings were more varied. In two settings, there was no off-the-job training; in one setting, apprentices went to a training centre for one day once a month; and another, apprentices did an evening class once a week.

Among all the employers we spoke to, all apprentices were paid a weekly amount, so their wages were not directly affected by the amount of off-the-job training.

Overtime

In two early years settings, apprentices were able to add to their basic pay by doing overtime, which was paid at the age-related National Minimum Wage rates. In the other workplaces, both salons and early years settings, apprentices received time off in lieu if they worked extra shifts rather than additional pay. Hairdressing apprentices were generally not paid overtime if they worked extra hours, for example at the end of the day, although one salon paid apprentices extra if they worked on Sundays.

Tips

In all eight hairdressing businesses covered by our interviews, apprentices had the opportunity to earn their own tips. In some salons, this happened right from the start, because apprentices were coming into contact with clients almost immediately, for example by washing their hair. In other cases, apprentices in the first six or 12 months of their course did not have the opportunity to earn tips because they were not working directly with clients. In all cases, tips were additional to their minimum weekly earnings described above.

Pay progression

Most of the employers we interviewed had some system of pay progression for apprentices. In most cases, this was based on the individual’s progress and, in hairdressing, how much additional income they were bringing into the business.

‘Say they took £50 for the week, if they did two blow dries, and this was constant ...we would actually raise them up to say £170 [a week, from £150] to give them a £20 increase ... It’s up to them, if they show willingness and they’re good they go up the ladder.’ (Salon manager, London)

In another salon, apprentices received increases of £10 a week every few months depending on their progress. One salon had a clear wage structure linked to course stage: apprentices in year one were on the £95 rate, increasing to £100 a week in year two and £105 a week in year three.

In the early years settings, there was a clearer wage structure linked to qualification level, job title and, in some cases, length of service. Wage increases were not generally linked to individual performance and so increases in pay for apprentices were more likely to come at the end of their course.

Awareness of minimum wage rules for apprentices

Employers were generally aware of the minimum wage exemptions for apprentices, particularly employers in hairdressing. This was unsurprising, as the majority were making use of the exemptions. There was less clarity about the rules around increasing pay to meet the National Minimum Wage once an apprentice turns 19 and has been doing an apprenticeship for more than a year. Some employers were unclear about whether this change happened at 18, 19 or 20.

Effect of minimum wage rules on employment practices

A number of the salon managers we interviewed had an active policy of recruiting younger apprentices because of the minimum wage exemptions.

‘They’re all young, because I think 100 per cent we can only pay a certain amount of money ... because then you go into minimum wage and we can’t afford to have a normal, so-called junior, on £200 a week. It just wouldn’t be viable for the company to do that.’ (Salon manager, London)

However, a minority of salon managers prioritised the quality of the individual apprentice over their age, and were prepared to take on the extra costs for the right person.

‘If we find someone who we think is going to be worth the money then we’ll employ them. But I think for us it’s not really necessarily about trying to get the cheapest staff, it’s getting the right staff really, that’s our key thing.’ (Salon manager, Surrey)

Views on current age-related rates

There was some uneasiness among employers about the current age-related NMW rates. A number of employers felt that wages should reflect an individual’s training status rather than their age, echoing the arguments made by apprentices in the previous chapters.

‘They are doing the job as a qualified member of staff. I totally disagree with the way the minimum rates of pay work, that you can employ somebody under the age of 21 for less than over 21.’ (Early years manager, North Yorkshire)

Among some employers, there was a preference for one minimum wage rate for trainees and apprentices, and a higher rate for qualified staff, with no distinction made on the basis of age.

However, almost all the employers who made use of minimum wage exemptions were in favour of the current age-related rates. The ability to pay younger staff at a lower rate, regardless of whether or not they were on an apprenticeship programme, was seen as a key way of keeping costs down. Some also questioned the idea that lower ability but older workers would be receiving a higher wage than younger but more capable staff.

‘I would say, maybe you have a problem with the 22 year old. I don’t mean that in a bad way, I just mean, why have you got a 22 year old who is not as good at their job as a 17 year old? You have probably got a problem there and you have to look at what’s going on.’ (Salon manager, Portsmouth)

Effect of the increase in the LSC/NAS rate in England

We carried out our interviews with employers in August and September 2009, which coincided with the increase in the LSC/NAS minimum rate from £80 to £95 a week on 1 August 2009. We were able to ask employers what effect this had had on their approach to apprenticeships.

All employers were aware of the change and had increased their wages accordingly, where relevant. The affected employers did not raise major concerns about the increase: most had been aware of the change for some time and had been able to plan for it.

However, a minority of employers reported that the increase had led them to recruit fewer apprentices. They tended to blame the increase in the minimum rate rather than explicitly mentioning the recession, although this is likely to have had some impact on their business.

‘We have taken on 11 this year rather than taking on 14 like we did last year. [Interviewer: And that is directly related to the fact that you had to pay them more?] Yeah, exactly. You have got to find the money from somewhere, so rather than having more we are taking less.’ (Salon manager, Hampshire)

A national minimum wage for apprentices: employers’ perspectives on the potential impacts

Employers’ opinions on a national, legal minimum wage for apprentices were mixed. Among employers based in England, a national minimum wage for apprentices was uniformly interpreted as being a higher wage than the current LSC/NAS contractual minimum, even when it was explained that this might not necessarily be the case. This interpretation clearly influenced employers’ opinions.

Negative opinions on a national minimum wage for apprentices

All the employers who made use of the minimum wage exemptions for apprentices were against the introduction of a national minimum wage for apprentices.

A small number of employers objected in principle to paying apprentices a legal minimum wage at any level.

‘I don’t believe the minimum wage applies to somebody who’s in official apprenticeship training. They should be governed by the Learning and Skills Council and the rate they set. They’re not actually in the world of work, they’re in the world of training.’ (Salon manager, Lancashire)

However, the main concerns of employers were rooted in practical challenges that they felt would arise from the introduction of a national minimum wage for apprentices. Their primary concern was their ability to offer the same number of apprenticeship places. All but one of the salon managers we interviewed felt they would have to reduce the number of places they offer:

‘That would have a really bad affect on us, really bad. It would affect everything. We wouldn’t be able to take on as many apprentices.’ (Salon manager, Hampshire)

Some salon managers said they would stop offering apprenticeship places completely, and for some this could have a significant impact on their business:

‘We wouldn’t have any [apprentices] ... The dynamics of the salon would have to change because you’d have to employ stylists, fully qualified stylists, which would have to do their own shampooing and everything like that because you couldn’t afford to pay a minimum wage for an apprentice.’ (Salon manager, South Yorkshire)

In early years settings there was a particular issue around the staff–child ratios required by government.

‘They [apprentices] are not qualified so they have to be treated differently in terms of your ratios and what you are doing with them. It would probably be better for me to have qualified than not qualified ... I would carry on doing modern apprenticeships but it would impact on the number I would take on.’
(Early years manager, Glasgow)

However, not all employers who objected to a national minimum wage felt it would actually impact on their use of apprentices, and thought they would be able to absorb any increased costs.

‘Whatever the minimum wage comes up [to], whatever it is, we would obviously be willing to pay it and find ways of making the money back, passing the costs onto our customers.’ (Salon manager, Surrey)

One message which came across very strongly from all the employers we interviewed was their belief that college-based training courses⁶ in hairdressing and early years offer an inferior standard of training compared to work-based apprenticeships. Employers raised concerns about the quality of training, the appropriateness of training for employers’ needs and the lack of work experience gained on such courses.

‘I’ve employed a dozen hairdressers over the years who have come out ... with 100 per cent in-college training, and at the end of their two years they’re not even able to do a shampoo properly ... The standard of the quality of work that a person of 18 can produce following an apprenticeship associated with a salon is 100 per cent better than the result of coming out of college.’
(Salon manager, Hertfordshire)

Employers felt that work-based apprenticeships enabled them to train apprentices to their standard and in a way that reflected their particular approach to the business.

‘I think if they’ve gone to college and they’ve got the piece of paper but no experience then it is difficult to get them involved in the nursery ... Whereas if they start their learning, their apprenticeship, in the workplace, then they know the standard.’ (Early years manager, North Wales)

A number of employers said they would never, or very rarely, employ someone who had been through a programme-led apprenticeship or other college-based course.

‘I don’t believe we’ve employed somebody who went to college to learn hairdressing for probably over 15 years. For the simple reason, they come out of college ... and they’re unable to perform generally within the commercial environment.’ (Salon manager, Lancashire)

This clearly has implications for young people if there were to be a fall in the number of work-based apprenticeships available, particularly in the context of government targets for increases in apprenticeship starts. If fewer work-based apprenticeships are available, then more young people may find themselves in programme-led apprenticeships. The employers

6. Employers talked broadly about college-based courses and did not name specific courses. Courses which would fall under the broad heading of college-based courses include programme-led apprenticeships in England and Northern Ireland – which do not have a wage attached to them – and some apprenticeships under the Skillseekers brand in Scotland and the Foundation Modern Apprenticeships brand in Wales. It could also include non-apprenticeship courses like NVQs and BTECs. These courses could include significant periods of work-placement but the key difference is that the learner is not employed and is not waged.

we spoke to suggested this could have an impact on their long-term career prospects in some key low-paying sectors.

Some employers raised this issue directly.

‘I think you will have an awful lot more kids going through college, which is great for the college ... and college training looks successful. But the downside is the salons will not take those trainees when they’ve finished because they’re usually not good enough.’ (Salon manager, Hertfordshire)

There were mixed views on whether a national minimum wage for apprentices would affect the kind of training that employers provide for apprentices. Almost all employers were keen to stress that they had developed a successful model of training which they would not want to alter.

This meant that the primary impact would be on the number of places they offered rather than on the kind of training they provided. For example, very few of the employers we interviewed felt they would change the amount of off-the-job or on-the-job training they provided, even if the minimum wage was paid on an hourly basis. Only one employer, a salon manager in London who currently provided a day a week of off-the-job training, said they would reduce the time spent doing this kind of training.

Some employers had a relatively large number of apprentices and had employed members of staff specifically to deal with training. There was a concern among these employers that, if they cut back on apprentices, they would also have to cut back on trainers and assessors, and that this might have a wider effect on the business.

‘It would mean that we take on less people [apprentices]. Because we have got less people, probably have less trainers, and then it would affect the expansion of the business as well.’ (Salon manager, Hampshire)

Positive opinions on a national minimum wage for apprentices

The minority of employers who did not make use of the exemptions tended to support a national minimum wage. This was clearly in part because they felt the change would have little impact on their business as they were already paying their apprentices at or above the age-related NMW rates. However, a small number of employers who would be affected by a minimum wage for apprentices also suggested there could be some benefits from such a move.

There was a feeling among a minority of employers that a minimum wage would help to increase the number of young people applying for apprenticeships. Although almost all employers and training providers reported that their apprenticeship places were considerably over-subscribed, some employers felt that take-up of apprenticeships at the national level or in some sectors might be problematic, and that a minimum wage could help.

‘I think you’ve got to look at it as a bigger picture ... the country needs apprentices, they need people qualifying.’ (Salon manager, London)

Some employers felt that a minimum apprenticeship wage could improve the image of their industry, again boosting applications from young people. This was clearly a concern in the two low-paying sectors covered by these interviews, with employers feeling that low starting salaries gave young people and teachers the impression that apprenticeships were for people of lower ability.

‘I think if you had a structured minimum wage, it would encourage people to think of it seriously as a career option rather than as a last choice.’ (Salon manager, Surrey)

A minority of salon managers who were opposed to a national minimum wage for apprentices nevertheless suggested there could be long-term benefits for the hairdressing industry. This stemmed from a belief that the quality of some hairdressers was poor and that the market for hairdressing was saturated.

‘It might help the industry overall, because there are far too many salons per head of capita in every town ... it could be a knock-on benefit in the long-term.’ (Salon manager, Hertfordshire)

One salon manager felt that a minimum wage may make employers more rigorous in their recruitment processes, and in turn improve the quality of hairdressing apprentices and hairdressers.

‘It would probably get rid of a lot of the rubbish as well, a lot of the hairdressers that are no good.’ (Salon manager, London)

A national minimum wage for apprentices: employers’ views on how it might work

It was difficult to get a clear sense of employers’ views on how a national minimum wage for apprentices should work. Most employers who were against the change simply felt that any change to the current arrangements for apprentice pay would be damaging for their businesses and the industry, and therefore found it difficult to articulate their specific preferences for a national minimum wage.

This was especially true when interviewees were asked what rate a national minimum wage should be set at. All the employers who used minimum wage exemptions felt unable to name a particular level or framework for setting a rate, preferring instead to simply retain the current arrangements.

‘With the £95, I mean, we have obviously had to adapt to that, so ideally for us, we would like to keep it [a minimum wage for apprentices] around the £95 figure.’ (Salon manager, Hampshire)

Most employers operating in England who were against a national minimum wage nevertheless supported the current LSC/NAS contractual minimum because it helped to root out unscrupulous employers. They therefore recognised the need for some minimum level of pay – but preferred the status quo to a legal national minimum wage.

‘I don’t really agree with that [having no minimum pay for apprentices] because I am fair and I do compare [well] to most salons, but I know a lot of salons basically take the mickey on that one, don’t they?’ (Salon manager, South Yorkshire)

A minority of employers in the early years sector who already paid their apprentices at or above the age-related NMW rates felt that all apprentices should be on the current age-related NMW rates.

The majority of employers who made use of minimum wage exemptions preferred a weekly minimum wage because it avoided the need to be specific about whether apprentices were being paid for time spent training. The majority also saw little benefit in not having to pay apprentices for time spent doing off-the-job training.

‘I would feel very uncomfortable with not paying people for when they are in the training centre, it would really worry me. It doesn’t seem fair because they’re coming to the same place ... but then not paying for their time ... It looks like they would then lose what they would gain from the minimum wage [if they were not paid for off-the-job training].’ (Salon manager, Portsmouth)

A number of employers who made use of the minimum wage exemptions were also opposed to the idea of having differential pay rates for apprentices at different levels. A number of employers opposed it on the basis that apprentices cost them the same, regardless of what level they were training at.

‘It still costs the same for us to teach someone on Level 3 as it does on Level 2, so no, I wouldn’t want to be paying them more. And plus, the Level 3 is six months longer, so they are getting six months more of our training, so they are getting more out of it than a Level 2, we are putting more in.’ (Salon manager, Portsmouth)

Some employers were also unhappy with the current arrangements whereby older apprentices move onto NMW rates after the first year, and found it difficult to justify paying older apprentices a higher wage.

‘I don’t think they should be on minimum wage if they’re older ... They’ll be on something like £4.77 ... you really cannot afford it to have someone sweeping the floor, making a cup of tea and standing watching you.’ (Salon manager, South Yorkshire)

Finally, there was some support for unpaid probation periods for apprentices, as suggested by some focus group participants.

‘We [have probation periods], we have them for three months where we pay them the LSC rate but we don’t actually have them on the books as such. They aren’t officially with us. So yes, anything like that would help us really.’ (Salon manager, Portsmouth)

Increasing the number of apprenticeships and improving completion rates

As well as asking employers directly about pay arrangements for apprentices, we spoke to them about the barriers both to taking on more apprentices and to raising the completion rates of apprenticeships, in order to understand the role of pay in these two processes.

All the employers we spoke to were very positive about work-based apprenticeships and valued the contribution that apprentices made to their business. However, they did identify a number of barriers to taking on more apprentices, of which pay was a relatively minor factor under current arrangements.

One employer felt that access to good quality training providers in the local area was a problem. However, the brake on further provision of apprenticeship places for the majority of interviewees was simply that the current size of the business did not make it feasible, with some indicating that the recession made it particularly unlikely that they would increase their number of places in the near future.

Employers in the early years sector identified two further issues, which related to the role of private firms in providing regulated quasi-public services:

- Inadequate government funding for training:

‘One of the biggest areas that you will come across is to improve the local authority training budgets.’ (Early years manager, North Yorkshire)

- Staff–child ratios:

‘We are so regulated in terms of how many people we have got to have because we have to make sure of the ratio of staff to children ... We do have a floating member of staff which tends to be somebody who is having apprentice training, but we couldn’t really justify having more than one.’ (Early years, Edinburgh)

Pay was considered to be more important when it came to the relatively low completion rates for apprenticeships, echoing some of the views from our focus groups. A number of employers felt that low apprenticeship pay rates were problematic for young people and had caused some people to leave early.

‘In order to keep people in the training, to keep them interested, you’ve got to reward them ... I don’t think the fall-out of apprenticeships is because of a lack of enjoyment, or lack of interest, or lack of stimulation ... the fall-out in hairdressing, I think, is purely down to money.’ (Salon manager, Hertfordshire)

Some employers who had high completion rates put this down to the fact that they paid apprentices at or above the NMW.

However, a number of employers in hairdressing also believed that pay was not a key issue in low completion rates, because hairdressers generally accept lower wages in return for job satisfaction.

‘At the end of the day, you don’t go into it for the money. You go into it because that’s what you want to do and obviously if you do it to the very best, you can make a lot of money. But I think you go into it because that’s what you want to do.’ (Salon manager, Cardiff)

Other issues raised by employers in relation to improving completion rates included:

- Ensuring training is of a high quality

‘We found by having model nights⁷ once a week as well, that gives us an edge against other employers because it shows we’re interested in progressing them and that they do progress more quickly ... It makes them feel valued.’ (Salon manager, Surrey)

- Course length

‘I think the problem is it’s so long, it’s so long to get qualified. While you want people to be proper or whatever, I think the training can be more intense and over a shorter time. It’s dragged out over too long.’ (Salon manager, London)

- Age and motivation of apprentices

‘This is part of the reason why I tend not take people straight from school ... I have more success with people who’ve tried something else and suddenly thought, I really would love to work with children and it’s that very positive decision and not, what do you think you might want to do, how about working with children, oh yes, that sounds like a nice thing to do.’ (Early years manager, Edinburgh)

However, these points were not raised by the majority of employers.

Summary and conclusions

- Employers who did not make use of minimum wage exemptions for apprentices were generally supportive of a minimum wage for apprentices.
- However, the majority of employers we spoke to made use of the minimum wage exemptions and were concerned about the introduction of a minimum wage for apprentices.
- Among employers in hairdressing, there was a strong feeling that they would have to reduce the number of apprenticeship places they offered. Employers generally felt that the style or quality of training offered to apprentices would not be altered.

7. Model nights give apprentices the opportunity to practise on models while the salon is closed.

- There was also a very strong concern that any fall in the number of work-based apprenticeship places would lead to an increase in the take-up of college-based training courses. Employers, particularly in hairdressing, had serious reservations about this because they believed that college-based courses do not offer training relevant to the industry. The knock-on effect for young people in terms of their employability was a concern among many employers.
- Among employers who made use of the minimum wage exemptions, there was a preference for a weekly minimum wage (providing a flat rate regardless of time spent training); and a single rate regardless of level or year. Most stated that they would like to see these features in any national minimum wage for apprentices. Employers were less willing to give a particular preferred level for any minimum rate.
- Current pay levels were not seen as a barrier to the provision of apprenticeship places, but there was disagreement about whether low levels of pay contributed to relatively low completion rates for apprenticeships.

6. Training providers' perspectives on apprentice pay

In this chapter we discuss the findings from our interviews with training providers. We carried out interviews with five training providers who offered apprenticeships in at least one of the five low-paying sectors considered in this study. The aim of the interviews was to gain a further insight into the role of pay in young people's decision-making around apprenticeships as well as an understanding of how a national minimum wage for apprentices might affect training providers. We interviewed training providers in the following locations: Northern Ireland, Hampshire, Kent, Greater Manchester and Merseyside.

Current apprentice pay arrangements

We start by briefly setting out the pay arrangements for apprentices under the supervision of the training providers we interviewed, and their role in negotiating apprentice pay.

Apprentice pay

Among the four training providers operating in England, most of their apprentices started on the LSC/NAS rate, or just above, although in some cases they could increase their pay relatively quickly. The training provider based in Northern Ireland had a contract to deliver apprenticeships for people already in work, so their apprentices were all on the NMW or above.

Young people's understanding of minimum wage rules

All the training providers had a clear process for informing apprentices about their wage entitlements, alongside their other employment rights. In all cases, this formed a part of the interview process and the training that apprentices received.

'That's part of our interview process. We have set questions. We have a set interview pack and on that it talks about the wage, it talks about the hours.'
(Training provider, Merseyside)

Most of the training providers felt that this was important because younger apprentices had very little understanding of the minimum wage when they started.

'I think they have no awareness, really, of what the national minimum wage is and [how] that differs for different age groups etcetera. They're totally oblivious to it really.'
(Training provider, Kent)

Role in negotiating and monitoring apprentice pay

Most training providers had no role in negotiating the pay of apprentices or ensuring that employers in England paid the LSC contractual minimum. However, one training provider had a very proactive approach to apprentice pay.

'We actually recommend a higher wage to our employers and we strongly recommend that they pay a wage in line with the minimum threshold for national insurance contributions ... At the moment, £95 is the minimum NI threshold which works out ok, but as soon as the NI threshold goes up we will be writing to all of our employers to say the recommended minimum wage for apprentices is now this.'
(Training provider, Greater Manchester)

This provider also regularly surveyed its apprentices to ensure that they had a suitable employment contract and were receiving the correct wage.

Instances of employers paying below the LSC/NAS contractual minimum

Two of the four England-based training providers had never come across employers paying below the LSC contractual minimum. The other two providers had had one or two cases in

the past, which were usually resolved quickly by explaining to employers the need to pay the minimum rate.

Effect of increase in the LSC/NAS rate

Only one of the training providers based in England reported any difficulties resulting from the increase in the LSC/NAS rate. However, this had led to a small number of the employers they worked with ending apprenticeships early.

‘We have had salons who have let some of our learners go, because they can’t afford the extra £15 a week. The salons have rung up and said, I am not keeping them because I can’t afford £15 a week extra ... For us it was only two, two learners lost their place.’ (Training provider, Merseyside)

Influences on young people’s decision-making

There were mixed views among training providers on the role of pay in influencing young people’s decision to start an apprenticeship. Most providers felt that the fact that apprenticeships are paid is one of the key motivations for young people, alongside their desire to gain a qualification. However, pay was rarely found to be the only or central motivation, reflecting what apprentices told us.

‘Certainly one of the benefits of being an apprentice is you can earn while you’re learning ... Having that balance of both qualification and on-the-job experience in addition to pay are the biggest reasons why people are coming into the apprenticeship side of things.’ (Training provider, Greater Manchester)

Some providers felt that pay had very little influence on young people’s decision to do an apprenticeship, with the ability to gain a qualification being much more important.

‘I’d say a qualification is more important. I don’t think at 16 you really have that money concept, it’s not until you get older ... The fact that they want to be a qualified hairdresser is more important to them, not the wage.’ (Training provider, Hampshire)

Training providers also felt that many young people were prepared to tolerate low wages in the short term because of the longer term benefits and their passion for the job.

‘One of the [interview] questions is, hairdressing training has a notorious reputation for being poorly paid, long working hours and weekend work – how do you feel you are prepared for this? The biggest answer we get is, it will be worth it.’ (Training provider, Merseyside)

However, some providers also reported difficulties in explaining the long-term benefits of apprenticeships when young people knew they could earn a higher wage in the short term in a job without training.

‘Their peers may have left school and gone straight into a job and they’re going to be earning maybe £150, £200 a week just doing a job where they may not receive any training. And obviously they are [apprentices] only earning £95 a week, so sometimes we do have to overcome that objection with people.’ (Training provider, Greater Manchester)

The potential impact of a national minimum wage for apprentices

In general, the training providers we spoke to were concerned about the introduction of a national minimum wage for apprentices and the impact it would have on the employers they worked with. Their concerns were similar to those expressed by employers, and centred on the number of places that employers would offer and the knock-on effects for college-based training courses.

Training providers generally felt that the employers they worked with would reduce the number of apprenticeship places they offer, and that it would be more difficult for providers to persuade employers to take on apprentices.

‘I think if you tried to up the wage, it would definitely incur a problem, because the only advantage I feel I’ve got at the moment is the way I can sell the apprenticeship to them [employers] is, wrongly, but it’s the fact that they don’t have to pay them the national minimum wage.’ (Training provider, Kent)

In hairdressing, there was a particular concern about the longer term impact this could have on the industry.

‘You know, years ago people didn’t send their kids to college [to learn about hairdressing] because what was the point? ... We have come a long way from that and it’s just a concern of mine that we would go back to that way – people working in salons and having no qualifications.’ (Training provider, Greater Manchester)

Training providers echoed employers in their concerns about college-based courses, particularly in hairdressing.

‘We have many occurrences where one of our employers has taken on a junior, an apprentice, from another provider, maybe a full-time provider. They’ve actually had to send them to us to re-do their qualification with us, because their theory may be very, very good but their confidence isn’t so good, their confidence and their actual practical ability isn’t very good.’ (Training provider, Greater Manchester)

One training provider was particularly concerned about the longer term effects of rising numbers of young people doing college-based courses in hairdressing if employers reduced their intake of apprentices.

‘Those learners who have done a Level 2 will then leave college. They can’t get a job because no salon will take them on because you have got to start retraining them. And remember that if they are not training [on an official apprenticeship], you have got to pay them the minimum wage. They then end up on the dole queue but they automatically go into NEET⁸. So while the Government are very good at pushing the college apprenticeship system, all they are in fact doing is fuelling the NEET figures.’ (Training provider, Merseyside)

A number of training providers also felt that employers would reduce the working hours of apprentices if an hourly minimum wage were to be introduced. They felt that a national minimum wage for apprentices would almost certainly be higher than the rates currently paid to many apprentices, and so employers would look to cut costs by reducing apprentices’ working hours.

‘I think you would get employers then taking learners on for eight hours a week, 16 hours a week. They wouldn’t be fully employed.’ (Training provider, Merseyside)

Training providers felt that reduced working hours would then have a knock-on effect on the amount of on-the-job training undertaken by apprentices, reducing the overall quality of training.

8. Meaning they would be classified as not in employment, education or training (NEET). The Government has a target to reduce the number of young people aged 16 to 18 who are NEET in England.

‘I think if an hourly rate was put in, they [employers] would watch the cost a little bit more. I certainly feel that they would potentially reduce the hours ... I think if you took them [apprentices] out of the employer’s premises for a certain period of time, then obviously they’re going to be missing out on that knowledge.’ (Training provider, Greater Manchester)

One training provider felt that a national minimum wage could have some positive impact. He was keen to increase diversity among his apprentices and struggled to recruit young people from some ethnic minority communities. He believed this was linked to the low pay on offer to apprentices at the beginning and felt that a higher wage could help his apprenticeships compete with more traditional academic options.

‘If they saw the apprenticeship route had better remuneration, then I think we may have a stronger argument then to turn around and say, if you go down your traditional [academic] route, this is what you’re going to get, but if you go down an apprenticeship route, you’re going to benefit by getting all the benefits of being on an apprenticeship programme.’ (Training provider, Greater Manchester)

There was disagreement between training providers on the extent to which low pay in some apprenticeships has an effect on completion rates. Some providers felt that pay was almost never an issue.

‘I have to say, I do the evaluations for the leavers ... I have never had that put on [pay], that isn’t in any of our data.’ (Training provider, Merseyside)

In their experience, the main reason for people failing to complete their apprenticeship was a lack of commitment to the work or the industry.

However, some providers were concerned that low pay does lead some apprentices to leave early.

‘We have had, over the past couple of years, a number of learners ... who had to leave the qualification and go and do something else because they physically cannot afford to live on that wage.’ (Training provider, Greater Manchester)

Summary and conclusions

- Training providers thought that pay was rarely the main motivation for starting an apprenticeship: young people were more likely to choose an apprenticeship because they want a qualification or higher wages in the longer term. This supports the findings from our focus groups with young people.
- Most training providers shared the concerns of employers about the effect of a minimum wage for apprentices on the provision of work-based apprenticeships. As with employers, this was a particular concern in the hairdressing industry.
- Training providers also shared the concerns of employers about a potential increase in programme-led apprenticeships resulting from the move to a minimum wage for apprenticeships.
- Some training providers felt that an hourly minimum wage might encourage employers to cut the hours of apprentices in order to save money, thus decreasing the time apprentices spend learning on-the-job. However, this is not supported by the interviews with employers.
- One training provider suggested that a minimum wage for apprentices would encourage some ethnic minority communities to consider apprenticeships as a better-paying and more prestigious qualification. This was not repeated by other interviews, although we only spoke to a small number of training providers.

7. Careers advisers' perspectives on apprentice pay

In this chapter we discuss the role of careers advice in shaping the decisions of young people, and investigate careers advisers' views on how a minimum wage for apprentices might affect their work.

The aim of this part of the project was to understand whether the lack of a minimum wage impacts on the careers advice given to young people. Five careers advisers were interviewed, based in Kent, Belfast (two advisers), Manchester and Wales. Advisers in England were based in local Connexions offices; advisers in Wales and Northern Ireland were based in local careers offices or jobcentres.

Careers advisers' views on apprenticeships

We begin this section by briefly setting out the careers advisers' awareness of, and views on, apprenticeships.

All the careers advisers we spoke to felt they had an adequate understanding of apprenticeships to be able to advise young people appropriately. Most advisers felt their knowledge was relatively general and they lacked an understanding of the details of how apprenticeships in different industries work. However, this was not perceived to be problematic because they saw their role as referring young people to the relevant training providers who could then provide more detailed information about specific programmes.

'I've got a rough idea from speaking to training providers and young people doing them [apprenticeships] ... I wouldn't say I have an in-depth knowledge of how the actual courses work.' (Careers adviser, Manchester)

Careers advisers contrasted apprenticeships positively with employment without training and unpaid training.

'If an employer is investing his money in a young person then he will be more keen to develop them. They're with that employer as opposed to if they have simply someone there on a work experience placement. I think if the employer's paying their wages, the employer's looking a wee bit more at their longer term development.' (Careers adviser, Northern Ireland)

There was also a belief among the advisers we spoke to that the qualifications gained through apprenticeships increase employability compared to work experience programmes or jobs without training.

'We're very much in an age where employers like to see certificates and qualifications of some sort and I think it's a benefit to have that sort of stuff rather than just having experience without the training side of it.' (Careers adviser, Manchester)

In Chapter 2 we saw that focus group participants felt that careers advisers often emphasised traditional academic routes over apprenticeships, particularly to students who were perceived to be of above-average ability. The careers advisers we spoke to supported this finding. Although they viewed apprenticeships positively, they also said they would be likely to encourage academically talented young people to pursue academic routes such as A-levels.

'For someone interested in mechanical or electrical engineering and they were likely to be getting particularly good grades in their GCSEs and were hoping to do A-levels, you would really be looking then at their graduate options ... So there are some people that it [apprenticeships] probably wouldn't be directly recommended [to].' (Careers adviser, Northern Ireland)

A-levels were also perceived to be a more flexible option than apprenticeships, which involve choosing a particular career at a relatively early age.

‘I sometimes hesitate putting people towards [apprenticeships] because if they’re 16, it’s difficult to say, right, this is what I’m going to do. So if someone’s hesitating and they’re capable of doing A-levels, I’m more likely to suggest they go down that route ... it means you can keep your options open.’ (Careers adviser, Manchester)

Careers advisers’ perspectives on young people’s decision-making

Careers advisers talk to a large number of young people each year and have useful insights into the motivations of young people when they are making decisions about work, education and training. In this section, we briefly summarise advisers’ views on the influences of young people considering apprenticeships.

The careers advisers we spoke to did not think that the level of pay was a major factor in young people’s decisions about their future. Most careers advisers felt that young people tend to understand that apprenticeships are relatively low paid because it is an element of taking part in a training programme.

‘I think in general terms, they’re prepared to go through the system. They know this is what they have to do if they want to get their apprenticeship ... everybody knows and it’s accepted as part of the apprenticeship programme.’ (Careers adviser, Northern Ireland)

Another careers adviser suggested that the main reference point around pay for young people is the Education Maintenance Allowance (EMA), which is supported by the findings from our focus groups with young people.

‘I think what really attracts them is they get paid more money than someone going to college. It’s a mixture of not wanting to stay in education and also liking the idea of having a bit of extra cash.’ (Careers adviser, Manchester)

Most of the young people that careers advisers spoke to lived at home, and they thought that this further influenced their attitude to pay levels. For a young person with few outgoings, even limited apprenticeship pay can provide a high level of disposable income.

‘If you say to a school leaver they’re going to get £80 a week, even now, what’s that, that’s a couple of pairs of trainers ... especially because they’re living at home generally. Their overheads are virtually negligible, so that’s just money for the phone bill and clothes really.’ (Careers adviser, Manchester)

As indicated by our research with young people themselves, careers advisers observed family and social background to be a bigger influence on career decisions than wages.

‘They are all from a very working class backgrounds [the young people the adviser works with]... They don’t know anything different from doing trades and they get told [by their family], you’ve got to get a trade because there’s always money in a trade.’ (Careers adviser, Manchester)

The influence of social background on career decisions could also be observed across schools.

‘I suppose it depends really on the schools. One of the schools I was working at, a grammar school, it’s [apprenticeships] less likely to come up there. But certainly at one of the other schools, I work in a big comprehensive and you would get the full range of people.’ (Careers adviser, Northern Ireland)

Advisers also found that the opinions of parents are a major influence on young people. Parents of children who are of above-average ability are unlikely to be persuaded that their own child should pursue an apprenticeship rather than A-levels.

‘When parents would come in with the young people, you know they’re very keen on the apprenticeship, they see that as a good standard really. But you’re not going to convince a parent of an A* student, you know, not to continue to do A-levels. They might see the value of it all right but maybe for someone else.’ (Careers adviser, Northern Ireland)

The perspectives of careers advisers on the reasons why young people choose apprenticeships is very much in line with what we heard from young people in our focus groups. Pay is clearly an important factor for many young people but it can be less important than family background and perceptions of different occupational opportunities, which are often driven by family and social background.

Careers advisers’ advice to young people on apprentice pay

Careers advisers were generally aware of the minimum wage exemptions for apprentices and advisers in England had some knowledge of the LSC/NAS minimum, although there was some ambiguity about the actual rate and its applicability.

‘I will generally tell them what I would expect them to get. What I’ve been told by training providers is that they will get between £80 and £120.’ (Careers adviser, Manchester)

Advisers generally tried to make sure young people were informed about apprenticeship pay.

‘I would certainly raise it with them [the young person] and say, “but you know you are sort of at the mercy of what the employer’s prepared to pay you”.’ (Careers adviser, Northern Ireland)

Advisers did not express strong positive or negative opinions about apprentices being exempt from the minimum wage and did not think the exemptions made them less likely to recommend apprenticeships to young people.

When asked about the impact of including apprenticeships in the minimum wage framework, careers advisers did not think such an inclusion would make them more likely to recommend apprenticeships but said it would help them answer young people’s questions with more clarity.

‘I think it would actually clarify it. You could say, well look, this is what the rates are. It’s black and white.’ (Careers adviser, Northern Ireland)

Summary and conclusions

- Careers advisers emphasised the importance of academic ability in their decision to recommend particular career routes to young people. Whether or not a young person is suited to and capable of undertaking more academic qualifications is far more likely to influence whether or not careers advisers recommend apprenticeships than pay levels.
- Careers advisers reported that parents have a stronger influence on young people’s decisions about their future than pay levels.
- Some careers advisers felt that the current arrangements for apprentice pay are complex and make it difficult to give young people advice about their potential earnings.

8. Conclusions and policy implications

This report has presented our findings from research with young people, employers, training providers and careers advisers into apprentice pay. In this final chapter, we set out our conclusions and highlight some of the key implications for policy, both for the National Minimum Wage and for apprenticeship policy more broadly where relevant. We have structured our conclusions around the key aims of the project:

To gain an insight into how apprenticeship pay rates differ across the UK, including by country, apprenticeship level, industry sector, age and gender.

- To understand the importance of pay in the take-up and completion of apprenticeships relative to other factors (such as peer effects, family background and careers advice), and how this varies by gender, age, sector and country.
- To investigate how employers might respond if apprentice pay were brought into the NMW framework.

Focus group participants and interviewees had remarkably consistent views about apprentice pay and the potential implications of bringing apprentice pay under the NMW framework. Our survey results only covered England, so we are not able to draw any conclusions about differences in pay across the UK based on the survey.

Variations in apprentice pay

One of the project aims was to gain an insight into variations in apprentice pay, by country, gender, sector and age, which we examined through a survey of young people. Our survey findings for England, combined with the pay data gathered from focus group participants, are broadly in line with the findings of the most recent DIUS pay survey (Fong and Phelps 2008): low apprentice pay is most common in the female-dominated sectors of hairdressing, early years, retail, and health and social care.

We found a small number of examples of very low wages (below the LSC/NAS £95 rate) among focus group participants outside England. However, given the sample size in the focus groups, it is difficult to draw any conclusions about the extent to which this demonstrates that apprentice wages are generally lower outside England, or the extent to which apprentice pay varies across the countries of the UK more generally.

In our focus groups and interviews, we found that employers in hairdressing were most likely to make use of minimum wage exemptions. Our findings suggest that a minimum wage for apprentices would have the most impact on female apprentices and those in the main low-paying sectors, but particularly hairdressing.

The role of pay in young people's decision to start an apprenticeship

In Chapter 2, we concluded that receiving a wage was a motivating factor for young people beginning an apprenticeship. However getting paid is rarely the main reason for beginning an apprenticeship; for the majority, the influence of family members, social background and the desire to gain a qualification and a trade had a greater influence on their decision.

When they did consider pay, young people commonly used the EMA as a point of comparison and were satisfied that they were getting more to work than to stay in full-time education. Most of the young people we spoke to recognised the difficulty in making a direct comparison between the wage rates of apprenticeships and jobs without training, because of the trade-off between current and future earnings.

There was some evidence from our focus groups and interviews that a minimum wage would encourage more young people to take an interest in apprenticeships, which could lead to an increase in demand for work-based apprenticeship places.

Policy implications:

- Based on our findings, there does not appear to be a strong argument for introducing a minimum wage for apprentices in order to increase the number of young people wanting to do apprenticeships. This is particularly important in the context of most apprenticeship places being oversubscribed, suggesting there is little problem with the take-up of apprenticeships by young people in general.
- However, there may be a case for a minimum wage in order to attract different kinds of young people to apprenticeships, particularly those of higher ability. It was not clear from our research whether this would be the case, and further research with young people who choose more academic post-16 routes may be useful. A minimum wage may also have the effect of attracting young people who would otherwise have chosen a job without training. Some of these young people may be of lower ability than current apprentices. The outcome of these potential changes would depend largely on how employers and training providers select apprentices.
- The likely increase in demand for employer-led apprenticeship places and any changes in the characteristics of young people wanting to do these courses would need to be properly managed. This could be achieved by supporting employers to maintain or increase the number of places on offer; or by actively restricting access to apprenticeships to certain groups, for example, by increasing the entry requirements. Government, employers and training providers could all have important roles in this. However, it may be that greater competition for apprenticeship places has some beneficial effect if it produces a better 'fit' between young people and employers.

The role of pay in influencing young peoples' decision to complete an apprenticeship

Our research has found some evidence that the introduction of a minimum wage for apprentices could help to increase apprenticeship completion rates. Although low pay was not the primary reason why young people in our focus group had left an apprenticeship, pay was one of the factors alongside low job satisfaction and poor quality training. There seemed to be an important relationship between poor quality training and low pay that had caused our participants to leave their apprenticeship early. There was disagreement among training providers and employers about the precise role of pay in influencing completion rates, suggesting that further evidence is needed on this.

The fact that some employers did not sufficiently set out the different roles of apprentices and other staff created a feeling among apprentices in the low-paying sectors that their lower wages were unjustified. This was most common in retail and hospitality and makes it difficult to justify lower apprentice wages. It created a sense of dissatisfaction among some apprentices, with some effect on their willingness to complete the apprenticeship.

We also found that some young people were likely to be motivated to complete their apprenticeship if they received regular pay increases linked to performance or progress. The evidence we gathered from apprentices suggested that financial rewards would have most impact if they were small and regular, rather than infrequent and large, and linked to performance.

Policy implications:

- A minimum wage for apprentices could have the effect of increasing completion rates if it is introduced as part of a package of measures that also improves the other factors associated with job satisfaction.

- Such a package should include a means of ensuring consistently high-quality training and ensuring that employers provide adequate support to their apprentices. More work is also needed to ensure that there is a clear distinction in the minds of employers between apprentices and other staff, and the nature of work that different kinds of employees are required to do. This could help to legitimise lower pay rates for apprentices. Our research suggests that this would be particularly important in hairdressing, retail and hospitality.
- Other steps to improve apprenticeship pay rates could also be considered by governments alongside a minimum wage for apprentices as a way of increasing completion rates. These could include regular and transparent pay rises, as well as small bonuses for completing a qualification.
- If a minimum wage for apprentices were to be introduced, government should ensure that the effect on completion rates (and apprenticeship applications and starts) was regularly monitored. Employers and training providers had different views on the effect it would have on completion rates, so it would be important to gather evidence on this.

The impact on employers of bringing apprentice pay into the NMW framework

In Chapter 5, employers in some low-paying sectors, primarily hairdressing, were clear that they would reduce the number of apprenticeship places they offer. This in turn could lead to an increase in the number of young people undertaking programme-led apprenticeships and other centre-based vocational courses. There was widespread concern among employers, training providers and young people about the quality of training provided in programme-led apprenticeships. This created serious concerns about the employability of young people going through these programmes, particularly in hairdressing.

More broadly, hairdressing emerged from our research as the one low-paying sector which would be most affected by any changes in apprentice pay arrangements. This is supported by other research, which suggests that hairdressers often have business models based on their ability to employ apprentices on very low wages (Denvir et al 2008). The majority of apprentices employed in this sector are low-paid and female.

However, it is difficult to know whether the assertions of employers would be borne out in reality if an apprentice minimum wage were to be introduced. Employers have consistently argued that a national minimum wage would affect employment at the bottom of the labour market but research for the Low Pay Commission has found very little evidence for this. In practice, salon owners may find other ways of absorbing any increased costs associated with a minimum wage for apprentices, especially given the high regard the employers we interviewed had for the apprenticeship programme.

The relationship we found in the focus groups between pay and training quality means that a minimum wage for apprentices could lead to improvements in training quality if it creates an extra incentive for employers to invest in their apprentices in order to maximise their return to paying a higher wage. A minority of employers who offer very poor quality apprenticeships and do not have a genuine interest in offering good quality training to young people may withdraw their apprenticeship programmes, which could also lead to improvements in the overall quality of employer-led apprenticeships.

Although the early years sector is also regarded as a low-paying sector with a large number of low-paid, female apprentices, we found less evidence in our research to suggest that this sector would be as severely affected as hairdressing. This is primarily because, in our research, early years employers were making less use of the minimum wage exemptions.

Policy implications:

- If a minimum wage for apprentices were to be introduced, additional support may need to be available to employers in low-paying sectors in order to ensure that the provision of work-based apprenticeships is maintained, or even increased. Our research suggests this would be desirable. Support could include wage subsidies for certain employers or an expansion of group apprenticeship schemes⁹.
- However, governments would have to take a political decision about the extent to which they wish to support apprenticeship places in particular sectors, in the context of other spending priorities and policy goals.
- Some improvements in the quality of employer-led apprenticeships overall could be created by the introduction of a minimum wage if it incentivises employers to seek ways of improving the return on their investment in higher wages.
- More broadly, our research suggests that governments may wish to maintain a policy focus on work-based apprenticeships and reconsider their approaches to programme-led apprenticeships, at least in some industries. The Skills Commission (2009) has some useful suggestions for how this could be achieved.

Clarity and transparency on minimum wage rules for apprentices

One specific point that emerged from our research was the lack of clarity around minimum wage rules for apprentices. This was identified by apprentices in focus groups, some employers and a number of careers advisers. Research participants tended to be aware of the minimum wage exemptions for younger apprentices but were less clear about the age at which the NMW becomes applicable for apprentices who have been doing an apprenticeship for more than a year.

In the two cases where we found apprentices who seemed to be entitled to the NMW but were not receiving it, this lack of clarity among both apprentices and their employers appeared to be the main explanation. Careers advisers also felt they may be able to provide clearer advice to young people about apprenticeships if apprentice pay were brought into the NMW framework.

Our research suggests that bringing apprentice pay into the NMW framework could help to simplify pay arrangements for young people. This could help improve compliance with NMW legislation among employers who employ apprentices and enable young people to receive more accurate and straightforward information about their wage entitlements as apprentices.

9. In group apprenticeship schemes, apprentices are employed by training providers and 'hired out' to employers. This reduces some of the employer costs associated with employing apprentices and there is some evidence from Australia that it can lead to better outcomes for apprentices.

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Annex: Copy of the survey of current apprentices

Thank you for taking the time to complete this short survey on apprentice pay rates. Your answers will help us to understand the choices young people make about their future employment and education. The survey should take about 10 minutes to complete. Your answers will remain confidential.

When you have completed the survey, you will have the opportunity to be entered into a draw to win one of five prizes of £50 vouchers from your choice of Amazon, See Tickets or iTunes.

1. How old are you?

- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 24
- 25+

2. What gender are you?

- Female
- Male

3. Do you consider yourself to have a disability?

- Yes
- No
- Not sure

4. How would you describe your ethnic background?

- White
- Mixed
- Asian or Asian British
- Black or Black British
- Chinese

Other

Prefer not to say

5. What subject is your apprenticeship in?

Agriculture, horticulture or other land-based industries

Business and administration

Early years and education

Electro-technical

Engineering and manufacturing

IT

Retail

Construction

Hairdressing

Hospitality

Leisure, travel and tourism

Motor industry

Health and social care

Customer Service

Other (Please specify)

6. Which part of the UK do you live in?

England

Scotland

Wales

Northern Ireland

7. On average, how many hours a week do you work for your employer, not including any time doing training?

Less than 20 hours

Between 20 and 30 hours

Between 30 and 40 hours

More than 40 hours

8. In an average week, how many hours do you spend getting on-the-job training?

On-the-job training is where someone provides advice, shows you how to do something or coaches you while you are doing your everyday work.

I do not normally get any on-the-job training

Less than 1 hour

Between 2 and 5 hours

Between 5 and 10 hours

Between 10 and 20 hours

More than 20 hours

9. In an average week, how many hours do you spend getting off-the-job training?

Off-the-job training is training away from your everyday workplaces, such as training sessions at college or elsewhere, workshops, distance learning, and time spent learning through workbooks or CD Roms. This could still be the place where you work, but would be away from your everyday work area.

I do periods of 'block' training away from the workplace

I do not normally get any off-the-job training

Less than 1 hour a week

Between 2 and 5 hours

Between 5 and 10 hours

Between 10 and 20 hours

More than 20 hours

10. How long have you been doing your apprenticeship?

Less than 6 months

Between 6 and 12 months

Between 1 and 2 years

Between 2 and 3 years

More than 3 years

11. How long is your apprenticeship expected to take overall?

Less than 1 year

Between 1 and 2 years

Between 2 and 3 years

Between 3 and 4 years

More than 4 years

Not sure

12. What were you doing before you started your apprenticeship?

In school or college

Doing a lower level apprenticeship

In a job with the same employer

In a job with a different employer

Looking for work

Something else (please specify)

13. Why did you decide to do an apprenticeship? (Tick as many as apply)

Wanted to get paid for doing training

Needed to earn money

Interested in the subject

Wanted to get a qualification

Wanted to learn a skill

Didn't like school

Didn't want to go to university

Friends were doing them

Someone recommended it (like a parent, teacher, employer or careers adviser)

No other option was available

Other (please specify)

14. Did you think seriously about any of the following options before deciding to do an apprenticeship? Please tick as many as apply.

Getting a job without an apprenticeship

Staying in the job I had already but without doing an apprenticeship

Going to college

Staying on at school

Going to university

Taking a gap year

Didn't consider anything else

Other (please specify)

15. Do you receive an educational maintenance allowance (EMA) or any other training allowance?

Yes

No

16. How much are you paid per week, before you have paid any tax or national insurance?
Do not include tips or overtime.

I do not get a wage

£0 - £49

£50 - £79

£80 - £94

£95 - £104

£105 - £119

£120 - £149

£150 - £199

£200 - £300

More than £300

17. In a typical week, how much do you earn in tips?

I do not get any tips in my job

£1 - £10

£11 - £20

£21 - £30

£31 - £40

£41 - £50

£51+

18. In a typical week, how many hours' overtime do you work?

I do not usually do any overtime

Less than 1 hour

Between 1 and 5 hours

Between 5 and 10 hours

Between 10 and 20 hours

More than 20 hours

19. How much do you normally get paid per hour for any overtime that you do?

I do not normally do any overtime

Nothing

£1 - £3

£4 - £6

£7 - £10

£11+

20. Did you know how much you would get paid before you started your apprenticeship?

Yes, I knew the exact amount

I knew the rough amount

No

21. How important was the fact that you would receive a wage in your decision to do an apprenticeship?

Very important

Important

Not very important

Did not think about it at all

22. Do you think what you get paid at the moment is:

Too high

About right

Too low

Don't know

23. Has your pay changed since you started your apprenticeship?

Pay has increased

Pay had decreased

Pay has stayed the same

Not sure

24. Are you expecting any changes in your pay before the end of your apprenticeship?

I think my pay will go up

I think my pay will go down

I think my pay will stay about the same

Not sure

25. How important is it to you that your pay increases?

Very important

Important

Not very important

Does not concern me at all

26. Do you think you will finish your apprenticeship?

Yes

No

Not sure

27. If you think you might not finish your apprenticeship, please tell us why. Please tick as many as apply.

I intend to finish my apprenticeship

Want to return to full-time education or training (including university)

Have been offered a job with current employer

Have been offered a job with another employer

Want to look for a job because I need to earn a higher wage

Not enjoying my apprenticeship

Apprenticeship isn't what I expected

Not getting on with my employer and/or work colleagues

The quality of the training is poor

Family / personal reasons

Other (please specify)

28. What do you think you might do once you have completed your apprenticeship, or if you leave without completing it? Tick as many as apply.

Do an apprenticeship at a higher level

Continue to work at the same employer

Return to college or school

Work in a similar job as my apprenticeship

Work in a different job

Not sure

Something else (please specify)

29. What do you think the benefits of doing your apprenticeship will be? Please tick as many as apply.

Develop skills that will be of benefit in future work

Gained a good quality qualification
Given me an opportunity to go on to higher level training
Improved my job prospects
Improved my future earnings
Made me more confident about my abilities
Made me more enthusiastic about learning
Improved my team-working skills
Improved my problem-solving skills
Improved my communication skills
Improved my literacy and numeracy skills
Given me more of an idea about what I want to do in the future
Given me good contacts in the industry that I want to work in
Do not think there will be any benefits
Other (please specify)

30. We need to know what kind of apprenticeship you are doing. This will vary depending on which part of the UK you live in.

If you live in England, please go to question 27

If you live in Northern Ireland, please go to question 28

If you live in Scotland, please go to question 29

If you live in Wales, please go to question 30

31. If you live in England, please tell us what kind of apprenticeship you are doing.

When you have answered this question, please click on the 'next' button at the bottom of the page.

Apprenticeship – Level 2

Advanced Apprenticeship – Level 3

Higher Apprenticeship – Level 4

Other (please specify)

32. If you live in Northern Ireland, please tell us what kind of apprenticeship you are doing.

When you have answered this question, please click on the 'next' button at the bottom of the page.

Apprenticeships NI – Level 2

Apprenticeships NI – Level 3

Other (please specify)

33. If you live in Scotland, please tell us what kind of apprenticeship you are doing.

When you have answered this question, please click on the 'next' button at the bottom of the page.

Skillseekers – Level 2

Modern Apprenticeship – Level 3

Other (please specify)

34. If you live in Wales, please tell us what kind of apprenticeship you are doing.

When you have answered this question, please click on the 'next' button at the bottom of the page.

Foundation Modern Apprenticeship – Level 2

Modern Apprenticeship – Level 3

Other (please specify)

Thanks for completing this survey. If you would like to be entered into a prize draw to win £50 of vouchers for Amazon, See Tickets or iTunes, please enter your name and address below. There are five prizes to be won in total. Your personal details and any information you provide to us will be kept confidential at all times.

35. Optional personal details

Name

Address

Address 2

City / Town

Postcode

Country

Email address