



Department for  
Business, Energy  
& Industrial Strategy

# Apprenticeship Pay Survey 2018/19 - Wales

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**OGL**

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# 1. About this report

## Background

Apprenticeships are a structured programme of training, consisting of paid employment and learning. They give people the opportunity to work for an employer, learn on the job, build up knowledge and skills, and gain recognised qualifications within a specific occupation or trade.

The National Minimum Wage (NMW) is the minimum pay per hour almost all workers in the UK are entitled to by law.<sup>1</sup> As well as separate NMW rates for those aged under 18, 18-20, 21-24, and a National Living Wage (NLW) for those aged 25 and over, there is a distinct NMW rate for apprentices. The NMW rate for apprentices applies to apprentices aged 16 to 18 and those aged 19 or over and are in their first year of the apprenticeship. All other apprentices are entitled to the NMW for their age.

The rates are subject to change every April. Table 1.1 shows the April 2018 rates (the rates that applied at the time of the Apprenticeship Pay Survey), alongside the recent rates set in April 2019.

**Table 1.1 National Minimum Wage Rates (hourly)**

Year	Apprentice (aged 16-18 or in first year of apprenticeship)	Under 18	18-20	21-24	NLW (25 and over)
April 2018 (the rate in effect at time of survey fieldwork)	£3.70	£4.20	£5.90	£7.38	£7.83
April 2019	£3.90	£4.35	£6.15	£7.70	£8.21

The Apprenticeship Pay Survey is an important component in monitoring apprenticeship policy and compliance with the apprentice NMW. It helps to ensure that any changes to the apprentice minimum wage rate or apprenticeship policy are appropriate and based on accurate information. For example, evidence from the survey contributes to the Low Pay Commission's recommendations to Government for the apprentice minimum wage rate. Two previous Apprenticeship Pay Surveys were carried out in 2016 and 2014.<sup>2</sup>

<sup>1</sup> Exceptions include self-employed people running their own business, company directors, and volunteers / voluntary workers, and workers younger than school leaving age. The full list is available at <https://www.gov.uk/national-minimum-wage/who-gets-the-minimum-wage>.

<sup>2</sup> Earlier versions of the survey were carried out intermittently between 2005 and 2012, however significant changes to the survey methodology were made to the 2014 version of the survey such that the potential for time-series comparisons between the 2012 APS (and earlier editions) to the 2014 APS and later editions are very limited. Details of these methodological changes are detailed in the 2014 APS technical report.

## Research objectives

The main objective of the 2018/19 APS was to provide an accurate and up-to-date picture of apprentice pay in England, Scotland and Wales. Specifically, it sought to investigate:

- The wages employers are paying apprentices; and the constituent elements (basic pay, overtime, tips etc.);
- The number of hours apprentices spend working to establish their hourly wage rates;
- The range of apprentice pay, including differences by gender, age, level and framework and prior employment status.

## Methodology

The data presented in this report is based on **2,550** telephone interviews with apprentices in Wales, conducted from 4 February 2019 to 30 March 2019. This represents 8% of the total apprentice population in Wales during the relevant sampling period, which was 32,415. Of these 2,550 interviews, **2,223** interviews were conducted with Level 2 and Level 3 apprentices, and **327** with Wales apprentices studying Level 4+ apprenticeships.

Further details of the survey methodology can be found in the supplementary Technical Report.

## Comparisons with previous Apprenticeship Pay Surveys

This report presents comparisons with the 2016 and 2014 Apprenticeship Pay surveys. The Apprenticeship Pay Survey 2016 comprised a survey of 1,979 apprentices in Wales (including 1,793 at Level 2 and 3). The 2014 survey involved 1,724 interviews with apprentices in Wales (including 1,495 at Level 2 and 3).

## Key variables used in this report

In the discussion of the pay and earnings variables used in the report, it is worth noting that all pay and earnings figures are reported in gross rather than net terms. Respondents that answered in net ('take home') terms had their responses converted to equivalent gross figures (how this was done is discussed in the Technical Report, in the section entitled 'Net to Gross Pay Conversion Calculation').

### Basic gross hourly pay

This is calculated by dividing weekly pay excluding overtime, tips and bonuses by weekly hours spent working and training but excluding paid or unpaid overtime.

Apprentices may also receive flexi time in return for working unpaid overtime (discussed in the 'total weekly earnings' chapter), which may affect pay calculations generally.

## Gross hourly pay for calculating NMW / NLW compliance

To determine whether hourly pay is compliant with NMW / NLW or not a rate needs to be calculated which takes into account:

- Pay excluding any hours paid at a higher rate, tips and bonuses. (Note that although bonuses can count towards the NMW / NLW, this only applies to the pay period in which they are paid, and in some cases a proportion can apply to the previous pay period. As the apprentice's pay should be compliant across all pay periods, including those in which bonuses have not been paid, we have not included bonus payments in the pay to calculate NMW / NLW compliance.)
- Hours that apprentices work and train, including unpaid overtime and overtime paid at the standard rate (overtime paid at a higher rate is excluded)
- Accommodation provision and charges.

If respondents were unsure of their exact pay or hours then we were not able to calculate a gross hourly pay figure. Overall, we were able to calculate an hourly pay figure for calculating compliance with the NMW / NLW for 2,187 respondents in Wales (86% of all respondents).

The hourly pay figure calculated in this way has been used to determine compliance or not with the NMW / NLW, but the actual pay rate has not been shown other than in Figures 3.13, 3.14, 3.15 and 3.16 which show pay levels of those paid below the NMW / NLW.

## Compliance / Non-compliance with NMW / NLW

Cases where the information supplied by the apprentice indicates that they are not being paid the NMW / NLW are described in this report as non-compliant. From the survey responses of some apprentices it was not possible to determine if their pay was compliant or not, typically those answering 'don't know' to questions covering their pay or hours, and hence for whom an hourly pay figure could not be calculated.

As a result of 'don't know' responses, it was not possible to calculate an exact gross hourly pay figure for all apprentices. However, among those where a gross hourly pay figure could not be calculated, compliance or non-compliance with the NMW / NLW was determined in cases where:

- An individual gave a range answer on pay or hours, calculating compliance using each end of the range they gave resulted in either compliance or non-compliance;
- If someone said they were definitely above or definitely below the relevant NMW for their age / year of apprenticeship they were included as compliant or not;
- If someone knew their hourly pay rate then this answer was used to calculate if their pay was compliant or not.

Throughout the report, the proportion of apprentices described as receiving compliant or non-compliant pay has been based on those for whom compliance is known one way or the other, hence excluding those where it was not possible to determine compliance.

The relevant NMW / NLW rate for apprentices depends on their age and whether they are in the first year of their apprenticeship or not. Where a respondent was answering using a payslip, the relevant NMW / NLW figure used the age and year of apprenticeship *at the time period of the payslip*, not their age / year of apprenticeship at the time of the survey.

Pay could appear compliant or non-compliant due to reporting error – for example, apprentices might round their pay up or down, or misremember the number of hours they worked, leading to an erroneous gross hourly pay figure. Among those for whom an hourly pay figure could be calculated, over two-fifths (43%) were calculated as being paid within 10% of the NMW / NLW rate that applied to them; in these cases, relatively small errors in measurement could have led to their pay appearing non-compliant.

Apprentices were asked to have a payslip to hand when answering, overall this applied in a third (32%) of cases in Wales. Where a payslip was not available apprentices gave hours based on the previous week worked, or a typical week, and pay (either gross or net) covering a time period of the respondent's choice (e.g. weekly, monthly or annual). Evidence from other pay surveys suggests respondents are likely to overestimate hours, underestimate earnings and round numbers up or down, rather than give completely accurate figures. Given the very precise numbers in this report, small errors can substantially impact on derived pay rates.

Based on self-reported hourly pay figures only (that is, where the apprentice stated that they knew their hourly pay rate),<sup>3</sup> the level of non-compliance was significantly lower than when using a calculated hourly rate, meaning that a number of apprentices whose pay was calculated as non-compliant gave a stated hourly rate that was compliant with the appropriate NMW / NLW. This discrepancy could arise for several reasons: apprentices being misinformed about their hourly rate; apprentices failing to factor in elements such as overtime or accommodation; and measurement errors as described above.

Non-compliance may not necessarily be 'malicious' on the part of the employer. It can arise, for example, from an apprentice voluntarily undertaking unpaid overtime or from undertaking long hours of training in their own time. Hence an apprentice's pay may be compliant (at or above the NMW / NLW) for the hours for which they are paid, but when voluntary unpaid hours are taken into account the hourly rate falls below the NMW / NLW.

Reducing non-compliance with the NMW / NLW is a priority for the Government. There are resources dedicated to dealing with cases of underpayment, notably the Acas Helpline. More information about the action being taking to reduce levels of non-compliance can be found on the gov.uk website.

## Total weekly earnings

As well as calculating hourly pay, a figure has also been calculated for total weekly earnings. In addition to 'basic pay' this includes tips, bonuses and overtime.

## About this report

The findings in this report have been structured into two separate chapters:

- Chapter 3 examines results across Wales covering those undertaking Level 2 or Level 3 apprenticeships
- Chapter 4 examines results across Wales for individuals undertaking Level 4, 5 or higher apprenticeships

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<sup>3</sup> 56% of apprentices stated that they knew their gross hourly pay.



## Report interpretation

Throughout the report results have not been shown on tables and charts if the unweighted base size is less than 30. Where this is the case, a double asterisk (\*\*) has been used in place of the data.

Where a single asterisk (\*) has been used in the tables, it symbolises a percentage value greater than zero but less than 0.5%. A zero percentage value is denoted by '-' in the tables.

Where we discuss statistical significance this is at the 95% confidence level.

All figures on tables and charts are based on weighted findings from the 2018/19 Apprenticeship Pay Survey, unless otherwise stated.

Throughout the report, comparisons have been made between various demographic groups (age, gender etc.) as well as by factors relating to the apprenticeship (framework, year of apprenticeship, level etc.). Care should be taken when interpreting findings since differences may not be driven by demographic factors but may instead be explained by other underlying factors. For example, differences in total weekly earnings by gender could be related to the proportion of males and females working in higher or lower paid frameworks or by differences in working patterns (e.g. number of hours worked a week).

## 2. Executive summary

### Basic hourly pay

Among Level 2 and Level 3 apprentices in Wales the median basic pay was £7.89 an hour, and the mean £8.15. Both were higher than in 2016 (median: £6.63, mean: £6.72). The basic pay figure has been derived by dividing all basic pay (excluding higher rate pay, tips, bonuses and accommodation allowances) by the total number of hours worked (excluding any hours worked at a higher rate, but including time spent training).

For Level 4+ apprentices in Wales, median basic hourly pay was higher, at £11.06 (mean £11.98).

**Table 2.1 Mean and Median basic hourly pay for apprentices in 2016 and 2018/19**

	<i>2016 Base:</i>	<b>2016 Mean</b>	<b>2016 Median</b>	<i>2018/19 Base:</i>	<b>2018/19 Mean</b>	<b>2018/19 Median</b>
<b>Level 2 / 3</b>	<i>1,610</i>	£6.72	£6.63	<i>1,902</i>	£8.15	£7.89
Level 2	<i>805</i>	£6.34	£6.26	<i>798</i>	£7.45	£7.50
Level 3	<i>805</i>	£7.11	£6.82	<i>1,104</i>	£8.72	£8.21
<b>Level 4+</b>	<i>N/A</i>	N/A	N/A	<i>280</i>	£11.98	£11.06

Base: these results are based on those for whom it was possible from their survey responses to calculate a gross hourly pay figure.

There were large differences by framework, as detailed in Table 2.2. As in previous years, the basic hourly pay figure for Level 2 and Level 3 apprentices in Wales was lowest in the Hairdressing framework (£3.95 median) and highest in Management (£11.73 median).

**Table 2.2 Median basic hourly pay for Level 2 and Level 3 Wales apprentices in 2016 and 2018/19**

	<i>2016 Base:</i>	<b>2016 Median</b>	<i>2018/19 Base:</i>	<b>2018/19 Median</b>	<b>% change (median)</b>
Management	78	£8.51	173	£11.73	38%
Retail	103	£6.70	99	£8.57	28%
Customer Service	100	£7.21	99	£8.55	19%
Business and related	158	£7.20	174	£8.39	17%
Health, Social Care & Sport	201	£6.89	373	£8.03	17%
Hospitality and Catering	75	£6.50	105	£8.00	23%
Electrotechnical	147	£6.25	102	£7.88	26%
Engineering/ Manufacturing	261	£6.32	242	£7.00	11%
Other	120	£6.71	113	£6.74	0%
Children's Care	111	£5.44	144	£6.53	20%
Construction and related	183	£5.17	192	£5.84	13%
Hairdressing <sup>4</sup>	73	£4.89	86	£3.95	-19%

Base: these results are based on those for whom it was possible from their survey responses to calculate a gross hourly pay figure. This table is ranked in descending order of pay within level.

Results on hourly pay by year of apprenticeship, age and gender for Level 2 and Level 3 apprentices are shown in Table 2.3. Pay most noticeably increases with age but changed little depending on the length of time on the apprenticeship. As in 2016, pay remains higher for female apprentices than for male apprentices.

<sup>4</sup> It is worth noting that this was the only framework in which the median basic hourly pay figure dropped in Wales. For context, this finding was not mirrored in Scotland (2016: £4.08, 2018: £4.00; an insignificant decrease) or in England (2016: £3.34, 2018: £3.70: a significant increase). However, the base size is sufficient and the decrease is statistically significant and appears to be driven by a greater proportion of Hairdressing apprentices earning less than £4.00 in basic pay per hour in 2018 (56%) than in 2016 (34%).

**Table 2.3 Mean and Median hourly pay for level 2 and level 3 Wales apprentices in 2016 and 2018/19**

	2016 Base:	2016 Mean	2016 Median	2018 Base:	2018/19 Mean	2018/19 Median	% change (median)
<b>Wales total</b>	1,610	£6.72	£6.63	1,902	£8.15	£7.89	19
<b>Year of apprenticeship:</b>							
First year of apprenticeship	1,124	£6.59	£6.48	1,413	£8.03	£7.89	22
Second or later year of apprenticeship	486	£7.10	£6.82	488	£8.25	£7.93	16
<b>Age:</b>							
16-18	313	£4.48	£3.87	228	£5.00	£4.99	29
19-20	497	£5.95	£5.51	285	£6.99	£6.68	21
21-24	540	£7.07	£6.89	336	£8.21	£7.83	14
25+	260	£7.79	£7.21	1,053	£9.38	£8.59	19
<b>Gender:</b>							
Male	906	£6.58	£6.48	976	£7.77	£7.36	14
Female	704	£6.87	£6.70	926	£8.45	£8.03	20

Base: these results are based on those for whom it was possible from their survey responses to calculate an hourly pay figure.

## Non-compliance with NMW / NLW

In order to assess compliance with the NMW and NLW, apprentices' pay rates were calculated according to eligibility for NMW or NLW. In summary, the figure includes: hours spent training as well as those working; unpaid overtime hours; overtime paid at the 'standard rate'; and accommodation provision and charges. It excludes (the pay and the hours) of overtime paid at a higher rate, and any tips and bonuses.

It is worth noting that pay could appear compliant or non-compliant due to reporting error – for example, apprentices might round their pay up or down, or misremember the number of hours they worked, leading to an erroneous gross hourly pay figure. Also, non-compliance may not necessarily be 'malicious' on the part of the employer. It can arise, for example, from an apprentice voluntarily undertaking unpaid overtime or from undertaking long hours of training in their own time. Hence an apprentice's pay may be compliant (at or above the NMW / NLW) for the hours for which they are paid, but when voluntary unpaid hours are taken into account the hourly rate falls below the NMW / NLW.

**Looking only at Level 2 and 3 apprentices in Wales for whom compliance can be assessed, 18% were paid below the appropriate NMW or NLW, higher than the 14% reported in 2016.**

When comparing compliance levels between 2018/19 and 2016, it is important to note that the lowest NMW rate for apprentices (applying to those aged 16 to 18, and all those in their first year of the apprenticeship) increased between October 2015 (the rate applicable at the time of

the 2016 survey) and April 2018 (the rate applicable for the 2018/19 survey): the rate increased from £3.30 in October 2015 to £3.70 in March 2018 (a 12% increase). Similar increases were made between 2015 and 2018 to the minimum rates for 18 to 20 year olds in their second year or later (increasing from £5.30 in 2015 to £5.90 in 2018, an 11% increase) and for 21 to 24 year olds in their second year or later (from £6.70 to £7.38, a 10% increase). Additionally, the NLW rate that came into force from April 2016, which created a new minimum rate for all those aged 25 and over and in the second year of their apprenticeship or later also increased, from £7.20 in April 2016 to £7.83 in April 2018 (a 9% increase).

Table 2.4 shows the proportion of apprentices in Wales with compliant and non-compliant pay, grouped by age and year of apprenticeship.

**Table 2.4 Compliance by age and year of apprenticeship 2016 and 2018/19**

<i>Row percentages</i>	2016			2018/19		
	<i>Base</i>	Paid NMW or higher (%)	Paid below NMW (%)	<i>Base</i>	Paid NMW or higher (%)	Paid below NMW (%)
Age 16-18 or in first year of apprenticeship	1,246	92	8	1,601	91	9
Age 19-20 and in second year of apprenticeship	168	61	39	120	71	29
Age 21-24 and in second year of apprenticeship	186	63	37	115	60	40
Age 25+ and in second year of apprenticeship	97	72	28	144	77	23
<b>Wales total*</b>	<b>1,699</b>	<b>86</b>	<b>14</b>	<b>2,071</b>	<b>82</b>	<b>18</b>

Base: all Level 2 and Level 3 apprentices with known compliance in Wales

\*The total base for Wales in both years is higher than the combined total of each of the groupings outlined in this table as it includes individuals for whom we can be certain that their pay is compliant without knowledge of their age or year of apprenticeship (e.g. those for whom their hourly pay is higher than the National Living Wage).

By framework, non-compliance among Level 2 and Level 3 apprentices was higher than average in Hairdressing (41%), and lowest among those on Management frameworks (2%).

When considering compliance with NMW rates by age (rather than age and year of apprenticeship at the same time), non-compliance was lowest among the oldest group of apprentices, those aged 25 and over (14% compared with 23% of apprentices aged 16 to 24).

Those nearer the beginning of their apprenticeship were less likely to receive non-compliant pay: 8% of those who had been on their course a year or less were paid less than the appropriate minimum rate, compared with 26% of those who had been on their course for more than a year.

Those who stated that they received at least one day a week of formal training on average were more likely to receive non-compliant pay (22%) than those who said they did not receive at least one day of formal training each week (16%). This could imply that in some cases employers are failing to pay apprentices for time spent on formal training, thus pushing up non-compliance among this group.

For apprentices aged 16-18, non-compliance was more common in the first year of study (32%) than in their second year or later (15%), although the reverse relationship was true for those aged 19-20 (first year 7% vs. second year or later 29%), 21-24 (first year 3% vs second year or later (40%) or aged 25 or older (first year 2% vs. second year or later 24%).

Compliance among Level 4+ apprentices (94%) was higher than among Level 2 and 3 apprentices (82%), with just 6% receiving non-compliant pay.

In order to assess the potential impact of underlying pay elements on compliance, levels of pay were assessed using a number of different pay calculations:

- Hourly pay excluding unpaid overtime;
- Hourly pay based on total weekly earnings (that is, including all tips, bonuses and higher rate pay); and
- Hourly pay based on basic pay and hours (excluding any additional earnings and accommodation – i.e. the ‘basic pay rate’ used throughout the rest of this report).

Compliance with the appropriate NMW rate was then calculated for each of these hourly pay figures (based on those apprentices for whom compliance could be determined for *all* of the above calculated pay figures, in order to ensure like-for-like comparisons).

At an overall level, calculating NMW with unpaid overtime removed, or using the basic hourly pay rate, or using all earnings and all hours has a significant impact on the proportion of apprentices calculated as receiving non-compliant pay. This is in contrast with findings from 2016, when these methods of calculating compliance had little impact on levels of compliant pay. Non-compliance in Wales falls from 18% of apprentices to 11% when unpaid overtime is removed from the calculation of non-compliance of Level 2 and 3 apprentices, which was consistent with utilising a basic hourly pay rate (11%) and 12% when considering all earnings and all hours (see discussion in the ‘impact of underlying pay element of compliance’ section of chapter 2).

## Total weekly earnings

The mean total weekly earnings for Level 2 and 3 apprentices in Wales was £319 (median: £312). This is an increase from 2016 when mean total weekly earnings was £272 (median: £258). Overall 97% of their total weekly pay came from ‘basic’ pay (the rest coming from overtime pay, tips and bonuses), a slight increase since 2016 when 93% of total weekly earnings came from “basic” pay.

Earnings varied widely by framework, with the mean total weekly pay highest among Level 2 and Level 3 apprentices on the Management framework (£533) and lowest in the Hairdressing framework (£178).

The mean total weekly earnings for Level 4 and 5+ apprentices in Wales for whom a calculation of weekly earnings could be made was £505 (median £462).

## 3. Pay levels of Level 2 and Level 3 apprentices in Wales

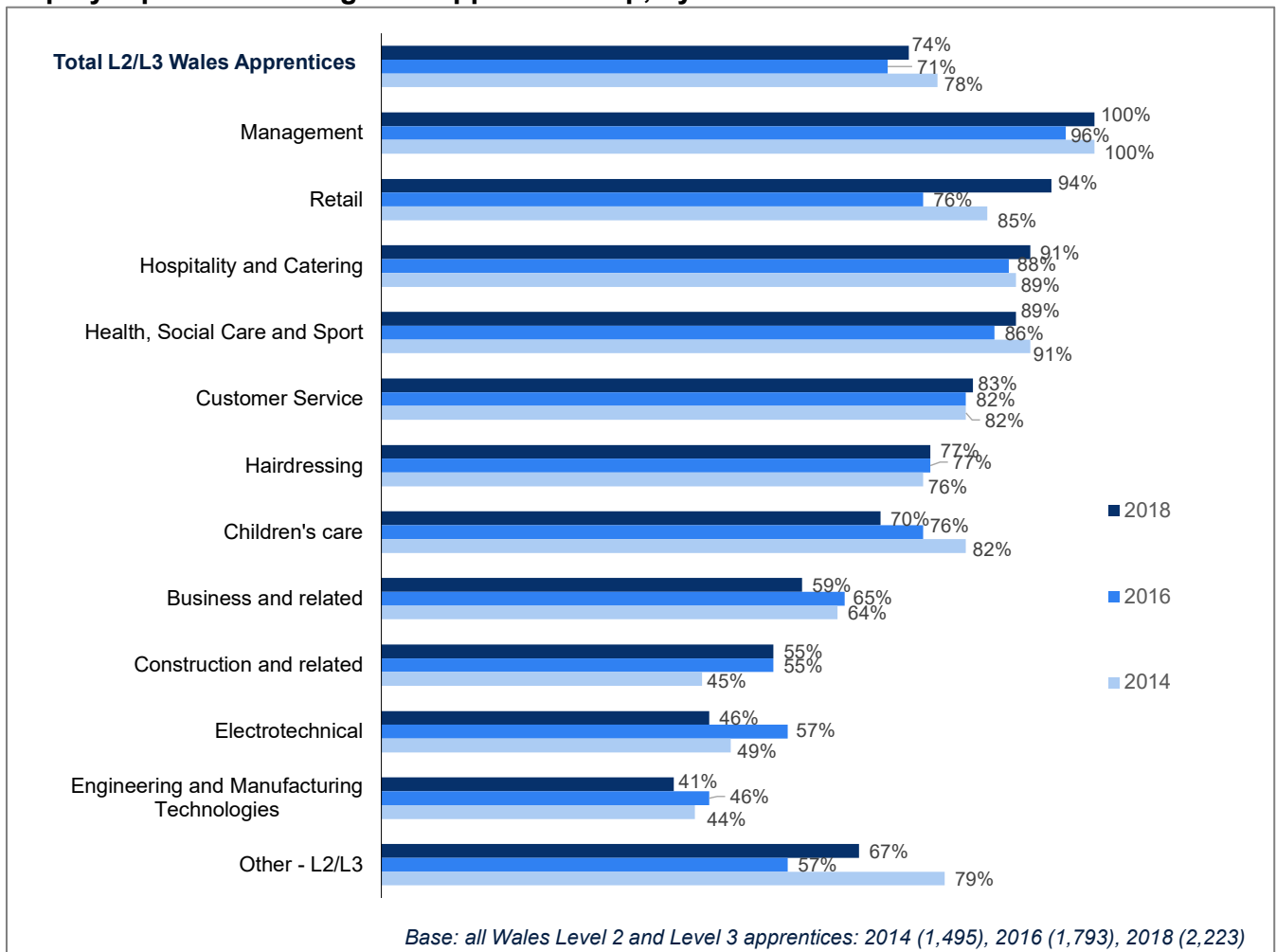
### Routes into apprenticeships

Three-quarters of Level 2 and 3 apprentices (74%) had already been working for their employer when they started their apprenticeship. This is higher than the level found in 2016 (71%) although remains lower than the level found in 2014 (78%).

There were differences across framework in terms of whether apprentices were working for their employer prior to beginning their training (see Figure 3-1). All of the Management apprentices interviewed in Wales had already been working for their employer prior to beginning their training (100%). Similarly, the vast majority of Retail (94%), Hospitality and Catering (91%) and Health, Social Care and Sport apprentices (89%) had already worked for their employer before starting their apprenticeship. Apprentices on Management, Hospitality and Catering, Health, Social Care and Sport and Customer Service frameworks had also been the most likely to have worked for their employer before starting their course in 2016, although this had not been true for apprentices on Retail frameworks in 2016 (76%). The other significant change since 2016 was the drop in likelihood for apprentices studying on Electrotechnical frameworks to have worked for their employer before starting their course (46% from 57% in 2016).

Similar to the 2016 and 2014 surveys, results showed that **the likelihood that apprentices worked for their employer prior to enrolment increased with age** (see Table 3.1). Just under half of 16-18 year olds (48%) and 19-20 year olds (45%) worked for their employer before starting their apprenticeship, which increased to over seven in ten 21-24 year olds (72%) and nine in ten of those aged 25 or older (89%). In line with 2016 and 2014 results, female apprentices were also more likely to have already been working for their employer (83%, compared with 62% of men).

**Figure 3-1 Proportion of Level 2 and Level 3 apprentices in Wales working for their employer prior to starting their apprenticeship, by framework 2014- 2018/19**





## Working arrangements and number of hours contracted to work

### Contractual and employment arrangements

The vast majority (91%) of Level 2 and Level 3 apprentices in Wales reported that they had a written contract with their employer, which is a higher proportion than in 2016 (89%), while 6% had no written contract, and 2% were unsure. In most cases written contracts covered the full year (86% of all Level 2 and Level 3 apprentices in Wales).

Eight in ten apprentices (80%) had a permanent job with their employer with no fixed end date, which was higher than found in 2016 (77%).

Employment arrangements and contractual statuses varied by framework and age, as shown in Table 3.1. As in 2014 and 2016, jobs on a permanent basis were least common for apprentices in Hairdressing (59%) and Construction (71%) frameworks, although this year those studying Hospitality and Catering frameworks were not less likely to have written contracts than the average apprentice, which they had been in 2016. Apprentices studying in Hairdressing frameworks were also the least likely – alongside those in Engineering and Manufacturing Technologies – to be employed on a permanent basis (59%).

Likelihood to have a written contract differed by age, from 82% of those aged 16-to-18 to 93% of those aged 19 and over. Similarly, younger apprentices were less likely to be employed on a permanent basis: 54% of those aged 16 to 18 had permanent employment, rising to 90% of those aged 25 or older. These results show the same patterns as the 2014 and 2016 surveys.

**Table 3.1 Written contracts and employment arrangements by framework and age of Wales Level 2 and Level 3 apprentices**

Row percentages	Base	Written contract		Employment arrangement <sup>5</sup>			Previously employed
		Yes	No	Permanent	Training period only	Fixed end after completion	
<b>Framework</b>							
Retail	121	98	0	95	3	0	94
Management	194	97	3	95	-	3	100
Health Social Care and Sport	452	95	3	87	3	6	89
Business and related	196	93	6	82	14	4	59
Engineering and Manufacturing Technologies	272	93	6	59	25	10	41
Children's Learning and Development and Well Being	181	91	7	75	12	8	70
Hospitality and Catering	123	89	10	89	*3	8	91
Customer Service	111	85	13	89	1	9	83
Construction and related	220	79	12	71	17	4	55
Electrotechnical	120	78	17	75	15	3	46
Hairdressing	109	77	14	59	30	3	77
Other - L2/L3	124	89	11	84	6	9	67
<b>Age</b>							
16-18	259	82	12	54	25	12	48
19-20	328	90	8	69	17	9	45
21-24	393	94	5	83	8	5	72
25+	1,243	94	5	90	4	4	89
<b>Total</b>	<b>2,223</b>	<b>91</b>	<b>6</b>	<b>80</b>	<b>10</b>	<b>6</b>	<b>74</b>

Base: All Wales Level 2 and Level 3 apprentices (2,223)

Row percentages in each set do not sum to 100% due to exclusion of 'Other' and 'Don't know' responses.

<sup>5</sup> This question was asked of all apprentices, irrespective of whether or not they had a written contract.

## Contracted hours versus the number of hours worked / trained

The majority (85%) of Level 2 and Level 3 apprentices in Wales worked a certain number of set hours each week. As shown in Figure 3-2, this was most often 35 to 39 hours a week (39% of all Level 2 and Level 3 apprentices) or 40 to 44 hours a week (16%). Apprentices had a median of 37.5 contracted hours a week and a mean of 34.6, very close to the 2016 figures (37.5 and 35.1 hours respectively).

Apprenticeship funding rules state that apprentices must be employed for at least 30 hours a week, although in exceptional circumstances (for example due to personal situations), apprentices may work part-time for between 16 and 29 hours a week. Despite this, 2% of apprentices in 2018/19 reported contracted hours of between one and 15 hours a week (the figure was 1% in 2016). This was more common among apprentices working in Hospitality and Catering (4%) and Health, Social Care and Sport (3%).

Average contracted hours (median: 37.5, mean: 34.6) were lower than the average actual hours worked or trained (median: 40.0, mean: 40.4). Overtime hours and pay are covered later in this chapter.

14% of Level 2 or 3 apprentices in Wales worked and trained more than 50 hours a week. Certain groups were more or less likely to be working and training for more than 50 hours a week:

- Male apprentices (20%, compared with 9% of women);
- Those on Hospitality and Catering (28%), Electrotechnical (21%), Management (20%) and Health, Social Care and Sport (16%) frameworks were more likely while those on Business and related (4%), Children's care (4%) and Hairdressing (4%) frameworks were less likely than other apprentices to work 50 hours or more.

**Figure 3-2 Number of hours contracted to work and number of actual hours working and training**

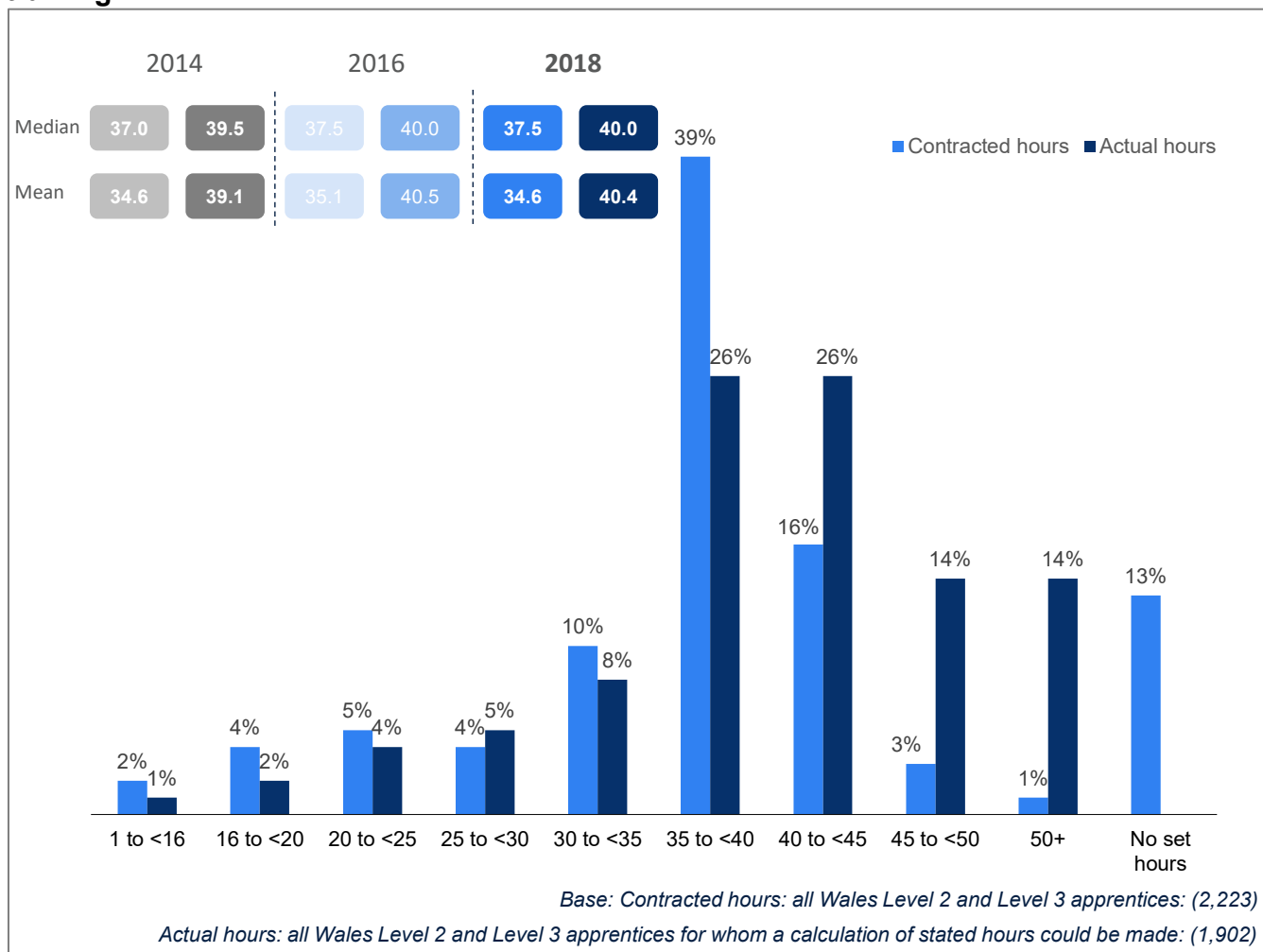


Table 3.2 shows actual hours worked against the hours apprentices were contracted to work. In addition, the final column shows the percentage of apprentices who worked or trained more hours than contracted. Overall, more than half of all Level 2 or 3 apprentices in Wales (67%) with set contracted hours worked or trained a higher number of hours than they were contracted for.

**Table 3.2 Number of hours contracted to work versus number of actual hours working and training (Wales Level 2 and Level 3)**

<i>Row percentages</i>		<b>Actual hours worked (%)</b>					<b>% working longer actual hours than contracted<sup>6</sup></b>	
<b>Contracted hours</b>	<i>Base</i>	<b>1-19</b>	<b>20-29</b>	<b>30-39</b>	<b>40-49</b>	<b>50+</b>	<b>2016</b>	<b>2018/19</b>
<b>1-19</b>	104	47	35	9	8	1	78	72
<b>20-29</b>	169	1	55	34	5	2	73	69
<b>30-39</b>	932	0	1	51	39	9	72	70
<b>40-49</b>	433	1	0	8	76	15	63	61
<b>Total set hours (if work set number of hours)</b>	1,657	3	8	36	42	10	70	67
<b>No set hours</b>	250	3	14	23	26	33	N/A	N/A
<b>Total</b>	<b>1,907</b>	3	9	34	40	14	<b>59</b>	<b>57</b>

Base: Wales Level 2 and Level 3 apprentices for whom a calculation of actual hours could be made (figures for those contracted to 50+ hours per week not shown due to small base size)

Table 3.3 shows the mean and median figures for both contracted and actual hours broken down by framework, and also shows the difference between average contracted and actual hours. Overall apprentices worked a median average of 2.5 hours (or a mean of 5.8 hours) over their contracted hours.

Apprentices studying Children's Learning and Development and Well Being (median 6.25, mean 6.6) or Hospitality and Catering (median 6.0, mean 8.2) frameworks on average worked the greatest number of hours when compared to the number that they were contracted to work.

<sup>6</sup> Figures in this column have been calculated from the actual figures given for apprentices' contracted hours and their actual hours worked, rather than simply the banded ranges shown on the table

**Table 3.3 Number of hours apprentices contracted to work versus number of actual hours worked or trained (Wales Level 2 and Level 3 apprentices)**

			Mean hours			Median hours		
	<i>Contracted hours base</i>	<i>Actual hours base</i>	Contracted	Actual	Extent to which actual hours exceed contracted hours	Contracted	Actual	Extent to which actual hours exceed contracted hours
Business and related	196	174	35.5	38.3	2.7	37.0	38.5	1.5
Children's Learning and Development and Well Being	181	145	28.2	34.7	<b>6.6</b>	30.0	36.3	<b>6.25</b>
Construction and related	220	192	<b>38.9</b>	<b>42.7</b>	3.9	<b>40</b>	<b>41</b>	1.0
Customer Service	111	99	34.4	37.4	2.9	37.0	37.5	0.5
Electrotechnical	120	102	<b>38.5</b>	<b>43.6</b>	5.1	<b>40.0</b>	<b>43</b>	<b>3.0</b>
Engineering and Manufacturing Technologies	272	243	<b>37.6</b>	<b>42.4</b>	4.8	<b>38.0</b>	<b>42</b>	<b>4.0</b>
Hairdressing	109	86	34.0	38.1	4.1	37.0	39.5	<b>2.5</b>
Health Social Care and Sport	452	371	32.6	39.2	<b>6.6</b>	36.0	39.5	<b>3.5</b>
Hospitality and Catering	123	105	34.1	<b>42.3</b>	<b>8.2</b>	37.0	43	<b>6.0</b>
Management	194	173	<b>38.4</b>	<b>43.7</b>	5.4	37.5	<b>41</b>	<b>3.5</b>
Retail	121	99	31.7	36.0	4.2	37.0	37.5	0.5
Other - L2/L3	124	113	34.2	<b>44.2</b>	<b>10.0</b>	37.0	<b>41</b>	<b>4.0</b>
<b>Total</b>	<b>2,223</b>	<b>1,902</b>	<b>34.6</b>	<b>40.4</b>	<b>5.8</b>	<b>37.5</b>	<b>40.0</b>	<b>2.5</b>

Base for contracted hours: All Wales Level 2 and Level 3 apprentices with a specified number of contracted hours. Base for actual hours: all Wales Level 2 and Level 3 apprentices for whom a calculation of hours worked could be made.

Figures in bold denote figures that are higher than the overall average, with the exception of the row showing figures for the total population.

## Provision of formal training

As part of their apprenticeship, apprentices are required to spend a minimum number of hours undertaking formal training. Although the Apprenticeship Pay Survey does not aim to separate hours spent training from hours spent working, due to interest in training levels, a question was introduced in 2016 to ask apprentices if they received at least one day per week of formal training. 'One day per week' was selected as being a good approximation of the recommended amount of training,<sup>7</sup> as well as being easy for apprentices to conceptualise during the telephone interview.

Around two-fifths of Level 2 and Level 3 apprentices in Wales (38%) stated that they received on average at least one day per week of formal training. This reflects a decrease since 2016 when 45% of Level 2 and Level 3 apprentices in Wales stated that they received this much formal training per week.

Receiving at least a day of formal training per week was more common among men (59%) than women (23%), which was also the case in 2016 (60% men, 29% women) although the gender gap has increased since 2016.

Younger apprentices were also notably more likely to receive at least one day of formal training per week: 62% of 16 to 18 year olds did so, falling to 19% of those aged 25 and older, in line with in 2016 (71% of 16 to 18 year olds, 26% of 25 and older).

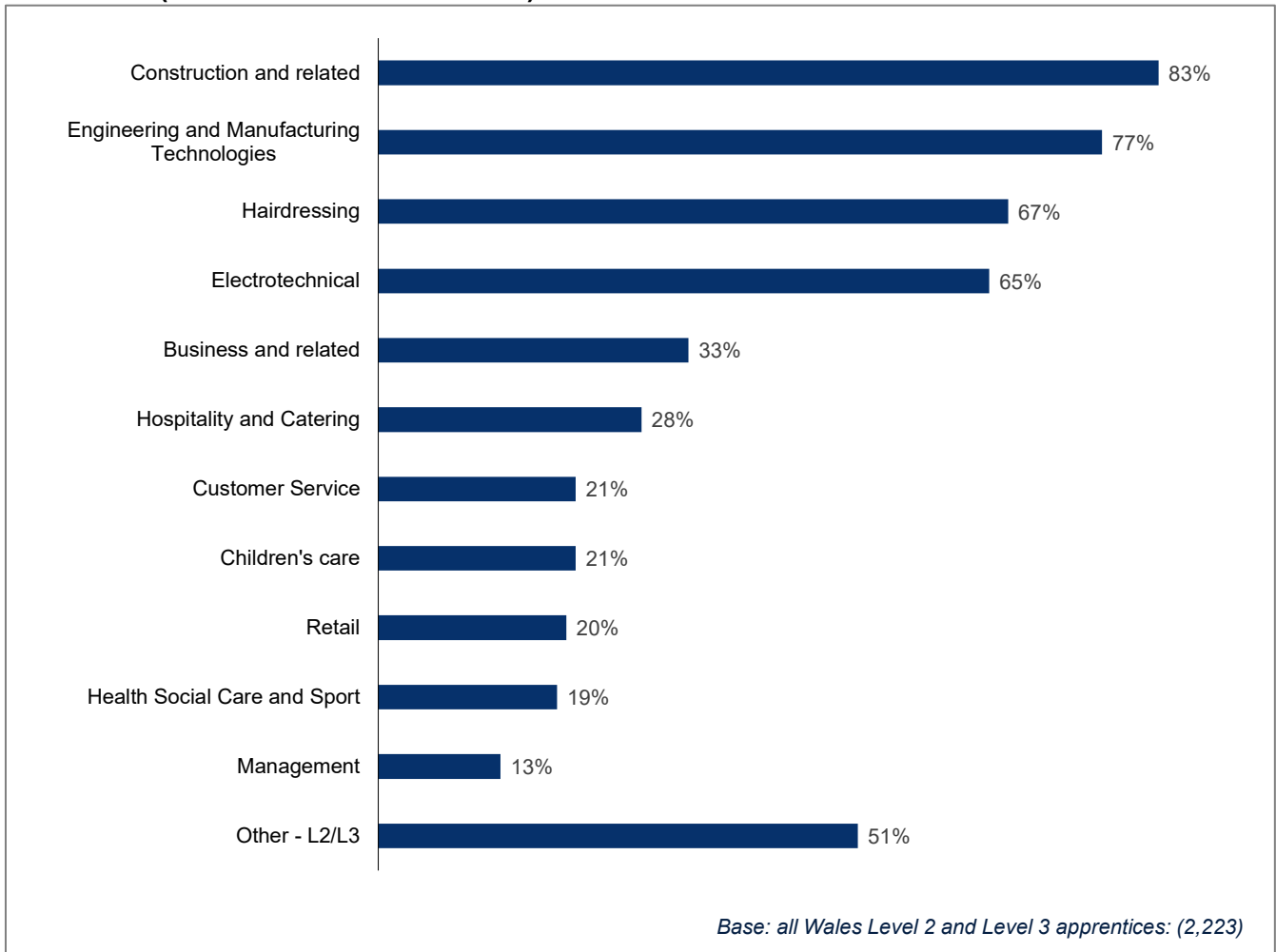
Those further along in their apprenticeship were more likely to receive at least a day of formal training per week, with over two-fifths (43%) of those on the apprenticeship for more than a year stating that this applied, compared with a third (33%) of those in their first year.

There were considerable variations by framework, as shown in Figure 3.3. Spending at least one day per week on average in formal training was significantly more likely among apprentices in Construction (83%), Engineering and Manufacturing Technologies (77%), Hairdressing (67%) and Electrotechnical (65%) while it was least common among apprentices on Management (13%), Health, Social Care and Sport (19%), Retail (20%), Customer Services (21%), Children's Care (21%) and Hospitality and Catering (28%) frameworks.

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<sup>7</sup> The Apprenticeship funding rules and guidance for employers 2019 states that: "To attract government funding at least 20% of the apprentice's paid hours, over the planned duration of the training period within the apprenticeship (for standards this is called the practical period, which ends at the gateway for endpoint assessment), must be spent on off-the-job training."

**Figure 3.3 Proportion receiving at least one day of formal training per week on average, by framework (Wales Level 2 and Level 3)**



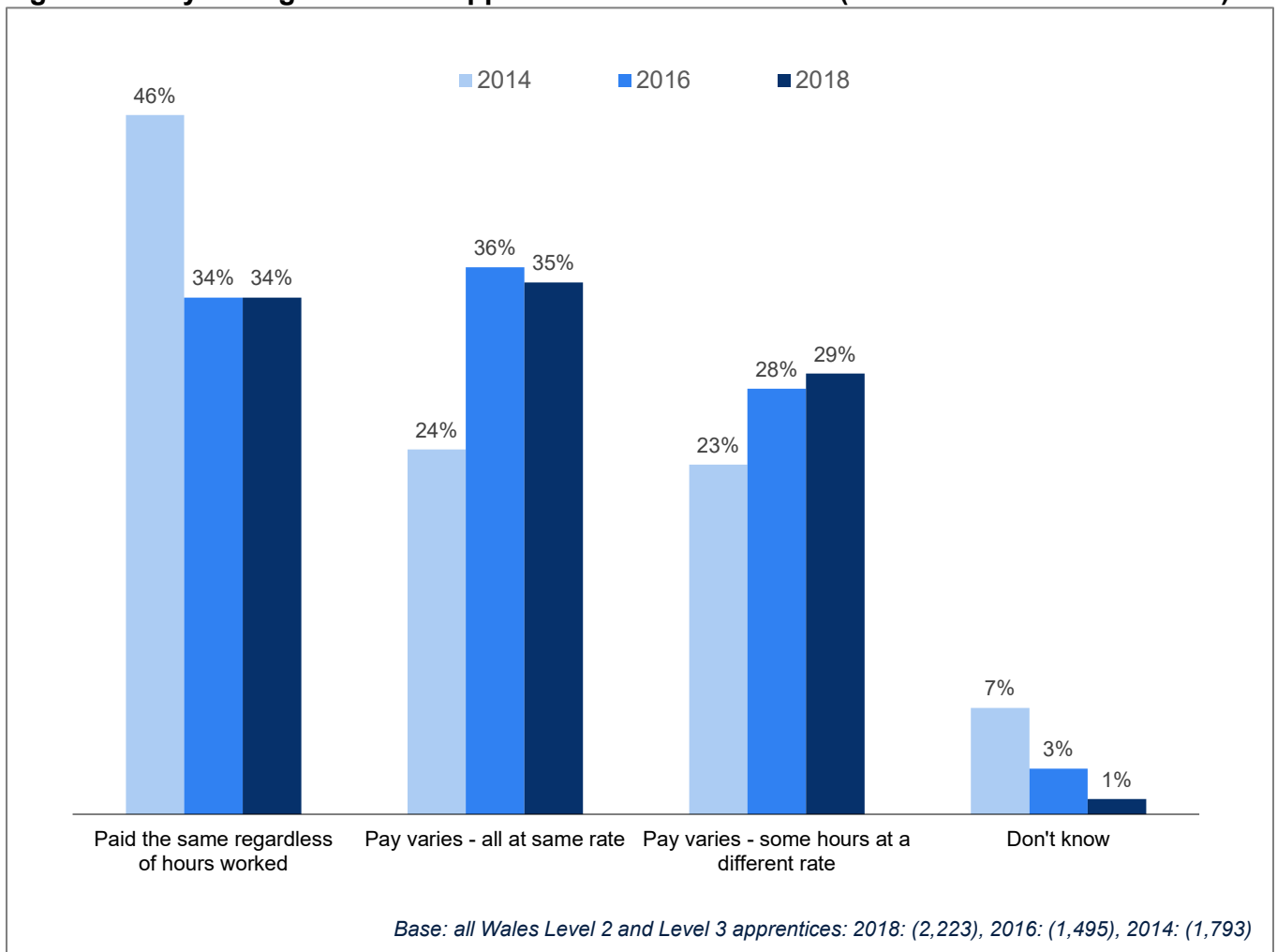


## Rates of pay

### Pay arrangements

**Around a third of apprentices (34%) were paid the same total amount each week regardless of the number of hours they worked**, the same as the proportion in 2016. Weekly pay varied for the majority (65%) of apprentices; split between those for whom all hours were paid at the same rate (35%) and those where some hours were paid at a different rate (29%).

**Figure 3.4 Pay arrangements for apprentices 2014 to 2018/19 (Level 2 and 3 across Wales)**



As Table 3-4 shows, Hairdressing and Business and related frameworks saw the biggest reductions since 2016 (21-percentage point reduction and 12-percentage point reduction respectively) in the proportion paid the same each week regardless of hours, while Management (17 percentage point increase) and Customer service (16 percentage point increase) saw the greatest increase from 2016.

**Table 3-4 Proportion paid the same amount regardless of hours worked by framework (Wales Level 2 and Level 3), 2014 - 2018/19**

	Paid the same regardless of hours worked				
	<i>Base (2014 / 2016 / 2018/19)</i>	2014 (%)	2016 (%)	2018/19 (%)	Percentage point difference from 2016 to 2018/19
Management	94 / 90 / 194	58	43	60	+17
Customer Service	50 / 116 / 111	73	43	59	+16
Business and related	168 / 174 / 196	73	70	58	-12
Children's care	62 / 129 / 181	43	34	41	+7
Engineering and Manufacturing Technologies	224 / 286 / 272	52	30	37	+7
Hairdressing	23 / 85 / 109	**	57	36	-21
Construction and related	279 / 200 / 220	61	39	34	-5
Retail	66 / 114 / 121	28	31	31	0
Health Social Care and Sport	193 / 220 / 452	22	19	20	+1
Hospitality and Catering	147 / 88 / 123	26	17	20	+3
Electrotechnical	52 / 162 / 120	28	11	15	+4
Other - L2/L3	137 / 129 / 124	58	48	46	-2
<b>Wales Total</b>	<b>1,495 / 1,793 / 2,223</b>	<b>46</b>	<b>34</b>	<b>34</b>	<b>0</b>

Base: All Wales Level 2 and Level 3 apprentices

Those aged 16-18 were the most likely to be paid the same amount each week, irrespective of the hours worked (39%). As detailed in Table 3-5, there were notable differences by framework, with the proportion of apprentices paid the same amount each week ranging from 15% in Electrotechnical to 60% in Management.

**Table 3-5 Pay arrangements for apprentices by framework and age (Level 2 and Level 3 across Wales), 2018/19**

<i>Row percentages</i>	<i>Base</i>	<i>Paid the same amount, irrespective of number of hours</i>	<i>Pay varies – all hours at the same rate</i>	<i>Pay varies – some hours at different rate</i>
<b>Framework</b>				
Management	194	60	23	16
Customer Service	111	59	33	8
Business and related	196	58	20	21
Children's care	181	41	50	4
Engineering and Manufacturing Technologies	272	37	18	43
Hairdressing	109	36	51	12
Construction and related	220	34	32	32
Retail	121	31	46	23
Health Social Care and Sport	452	20	40	37
Hospitality and Catering	123	20	56	19
Electrotechnical	120	15	33	51
Other - L2/L3	124	46	30	23
<b>Age</b>				
16-18	259	39	35	25
19-20	328	31	30	37
21-24	393	31	38	30
25+	1,243	34	34	29
<b>Wales Total</b>	<b>2,223</b>	<b>34</b>	<b>35</b>	<b>29</b>

Base: All Wales L2 and L3 apprentices

Row percentages do not sum to 100% due to exclusion of "Other" and "Don't know" responses.

## Basic hourly pay levels

Median basic hourly pay was £7.89 for Level 2 and 3 apprentices (mean hourly pay was £8.15). This was higher than in 2016, when the median was £6.63 (mean hourly pay was £6.72).

Figure 3.5 shows median hourly pay by framework in ascending order and compares this with the corresponding figures from 2016 and 2014.

Hairdressing was the only framework for which median basic hourly pay decreased between 2018/19 and 2016, with all others increasing by at least 10%.<sup>8</sup> Management (38-percentage point increase), Retail (28-percentage point increase) and Electrotechnical (26-percentage point increase) were the frameworks with the greatest increase in median basic pay between 2016 and 2018/19 for Level 2 and 3 apprentices in Wales.

**Figure 3.5 Median basic hourly pay in 2018/19, 2016 and 2014 (Level 2 and 3 apprentices across Wales)**

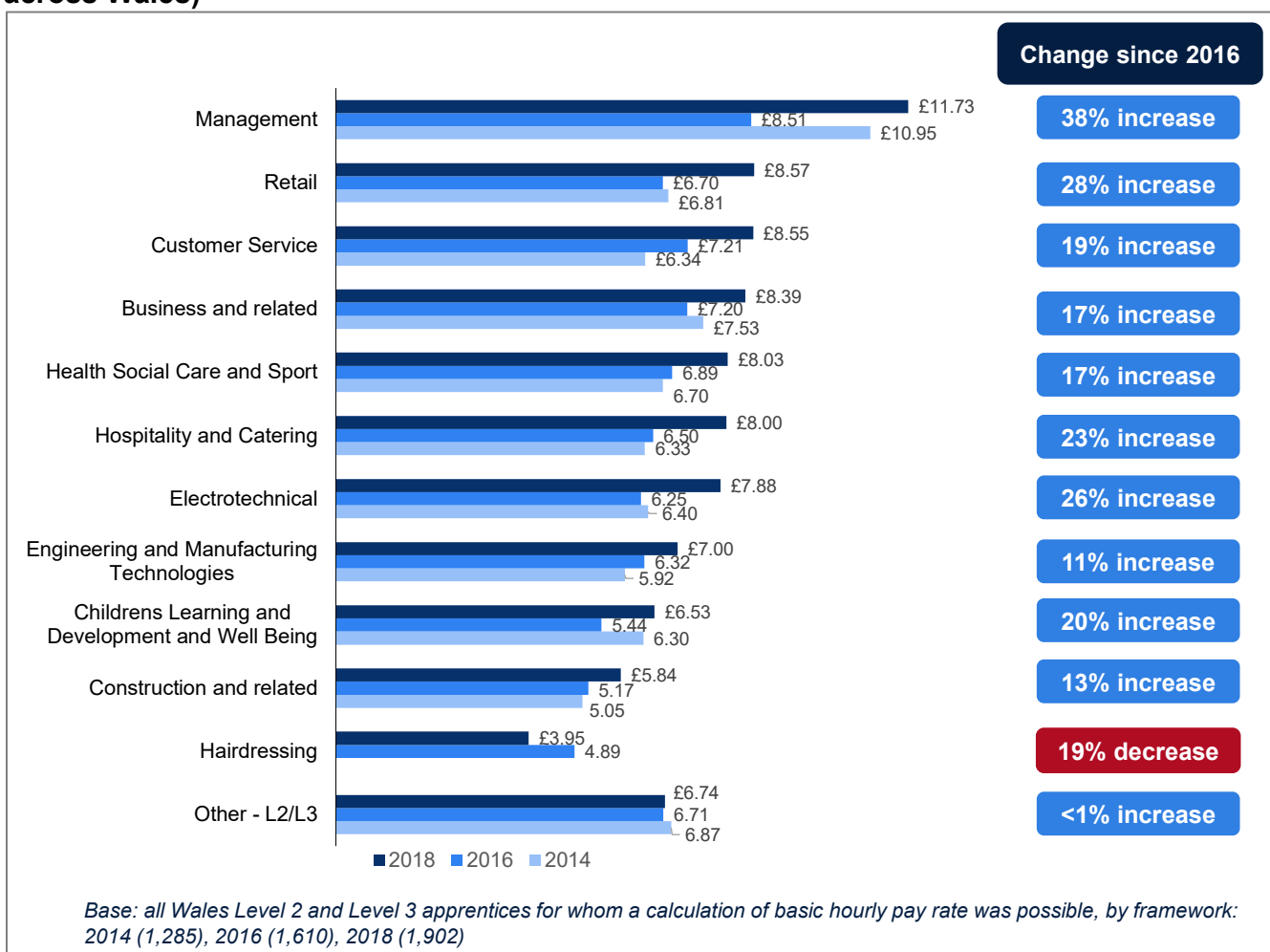


Table 3-6 shows median and mean basic hourly pay by key demographics. Pay increases with age and level of apprenticeship but was fairly static when considering length of time that apprentices had been on their training.

<sup>8</sup> Given the small base sizes of Hairdressing apprentices in 2016 (73) and 2018 (86), it is worth exercising caution regarding the decrease in median basic hourly pay for apprentices on Hairdressing frameworks. Across Great Britain, median hourly pay for Hairdressing apprentices increased from £3.47 to £3.75 an hour, which may reflect the larger base size for this group of apprentices in both 2016 (465) and 2018 (542).

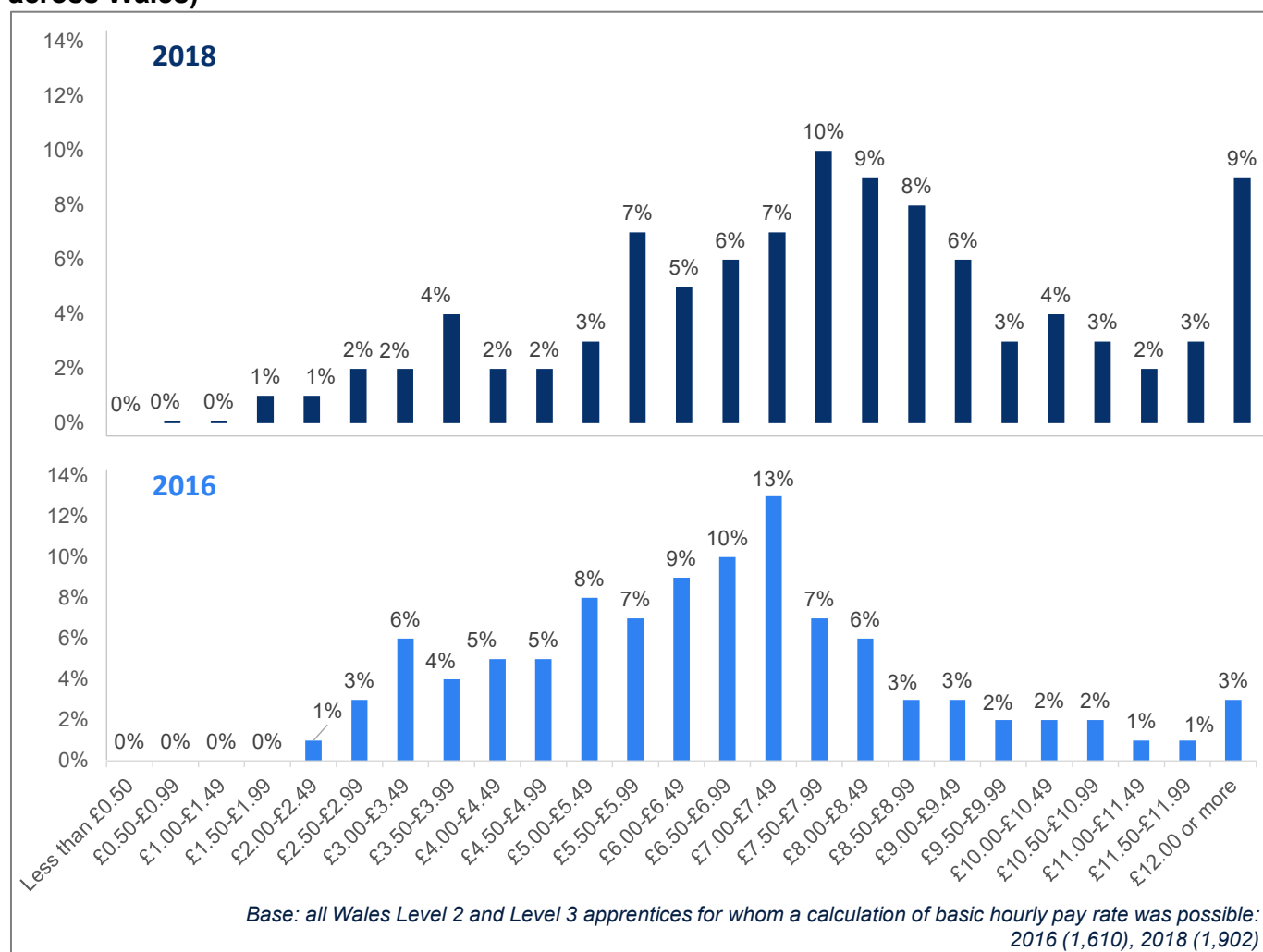
**Table 3-6 Basic hourly pay for Level 2 and Level 3 apprentices in Wales**

	<i>Base</i>	<b>Mean £</b>	<b>Median £</b>
<b>Level</b>			
Level 2	798	7.45	7.50
Level 3	1,104	8.72	8.21
<b>Gender</b>			
Male	976	7.77	7.36
Female	926	8.45	8.03
<b>Age</b>			
16-18	228	5.00	4.99
19-20	285	6.99	6.68
21-24	336	8.21	7.83
25+	1053	9.38	8.59
<b>Length of time on apprenticeship</b>			
One year or less	1,413	8.03	7.83
More than a year	488	8.25	7.93
<b>Wales Total</b>	<b>1,902</b>	<b>8.15</b>	<b>7.89</b>

Base: those for whom it was possible from their survey responses to calculate a gross hourly pay figure.

The proportions of apprentices falling within specific pay bands – alongside comparisons with 2016 – is shown in Figure 3.6. Later in this chapter we discuss pay levels for those not receiving the NMW / NLW in full.

**Figure 3.6 Distribution of basic hourly pay, 2018/19 and 2016 (%) (Level 2 and 3 apprentices across Wales)**



Pay in 2018/19 peaks at the £7.50 to £7.49 band (10%), whereas in 2016 it had peaked in the £7.00 to £7.49 band (13%). The main change this year is the number of apprentices with a basic hourly pay of less than £4, which has fallen to 9% in 2018/19, down from 14% in 2016. Another change when comparing these results to 2016 is the number of apprentices paid £12.00 an hour or more, which in 2018/19 is 9%, compared to 3% in 2016. It was most common for apprentices aged over 25 (15%) and those undertaking a Management apprenticeship (44%) to be paid £12.00 or more per hour.

### Pay increases

Around two-fifths of apprentices in Wales (43%) reported that their hourly pay rate had increased during their apprenticeship, in line with 2016 (43%). Increases in pay were most common among those aged 19-20 and 16-18 (64% and 56% respectively), compared with those aged 25 or older (35%).

Male apprentices were more likely to have received an increase in pay (57%) compared with female apprentices (33%). Likelihood to have received a pay increase also varied considerably by framework, as shown in Table 3-7.

Amongst those that had experienced a pay increase, 46% reported that this was because they had completed the first year of their apprenticeship (equivalent to 20% of all apprentices in Wales); 9% because they had turned 19 (4% of all apprentices); 6% because they had turned

21 (2% of all apprentices); 3% because they had turned 25 (1% of all apprentices); and 8% because of the introduction of the National Living Wage (4% of all Level 2 and 3 apprentices in Wales).

This meant that nearly a third of all apprentices in Wales (31%) – or 72% of apprentices who had received a pay increase – had experienced a pay increase due to factors that changed their NMW band (i.e. a change in age, year of apprenticeship or introduction of the NLW). It is of course the case that some apprentices may have received a pay increase without knowing the reason(s) why.

**Table 3-7 Whether experienced any pay increases during their apprenticeship, by framework and age (Level 2 and Level 3 apprentices across Wales)**

	<i>Proportion experiencing any pay increases</i>	
	<i>Base</i>	<i>%</i>
<b>Framework</b>		
Electrotechnical	120	88
Engineering and Manufacturing	272	72
Construction and related	220	70
Business and related	196	58
Hairdressing	109	41
Customer Service	111	39
Hospitality and Catering	123	35
Childrens Learning and Development and Well Being	181	28
Health Social Care and Sport	452	28
Retail	121	28
Management	194	22
Other - L2/L3	124	42
<b>Age</b>		
16-18	259	56
19-20	328	64
21-24	393	43
25+	1,243	35
<b>Wales Total</b>	<b>2,223</b>	<b>43</b>

Base: All Wales Level 2 and Level 3 apprentices / All Wales Level 2 and Level 3 apprentices for whom hourly pay could be calculated

## Pay with respect to the number of hours contracted to work

Overall the median basic hourly pay for apprentices was £7.89 (mean: £8.15). As shown in Table 3-8, median basic hourly pay was highest amongst apprentices who were contracted to 30 hours or more per week (£8.00).

**Table 3-8 Mean and median basic hourly pay rate based on contracted weekly hours (Level 2 and 3 apprentices in Wales with set contracted hours)**

	<i>Base</i>	Median £	Mean £
16-29 hours	245	7.91	8.12
30 hours or more	1,383	8.00	8.41
<b>Wales Total</b>	<b>1,902*</b>	<b>7.89</b>	<b>8.15</b>

Base: All Wales L2 and L3 apprentices that worked contracted hours and for whom it was possible from their survey responses to calculate a basic hourly pay figure

\*Those contracted to work fewer than 16 hours per week have been excluded from being reported on in isolation in this table due to their low base size but have been incorporated into the overall Wales total.

## Premium and overtime rates

Overall, under a third of (29%) apprentices were paid a different rate for some of the hours they worked, a smaller proportion than in 2016 (36%).

Apprentices with variable hours and who answered the survey using a payslip were asked whether any of the total hours they worked in a week were paid at a higher rate than their standard rate. A fifth (17%) were paid a higher rate for at least some of their hours. The median higher hourly pay rate for these apprentices, where both the higher hourly rate and basic rate were calculable, was £10.81 (mean: £12.91), in comparison to the overall £7.45 (mean: £7.75) basic rate for this same group, a difference of £3.06 per hour. Caution should be taken when interpreting these findings due to a relatively small base size (unweighted 67).

Apprentices who did not answer the survey using a payslip were asked how much on average they were paid per hour for the paid overtime they had worked. This included all paid overtime, regardless of whether it was paid at their standard rate or a higher rate. The median hourly rate for paid overtime for these apprentices was £8.90 (mean: £8.16). In comparison the median basic hourly pay rate for these apprentices was £7.25 (mean: £7.03).



## Total weekly earnings

### Average total weekly earnings

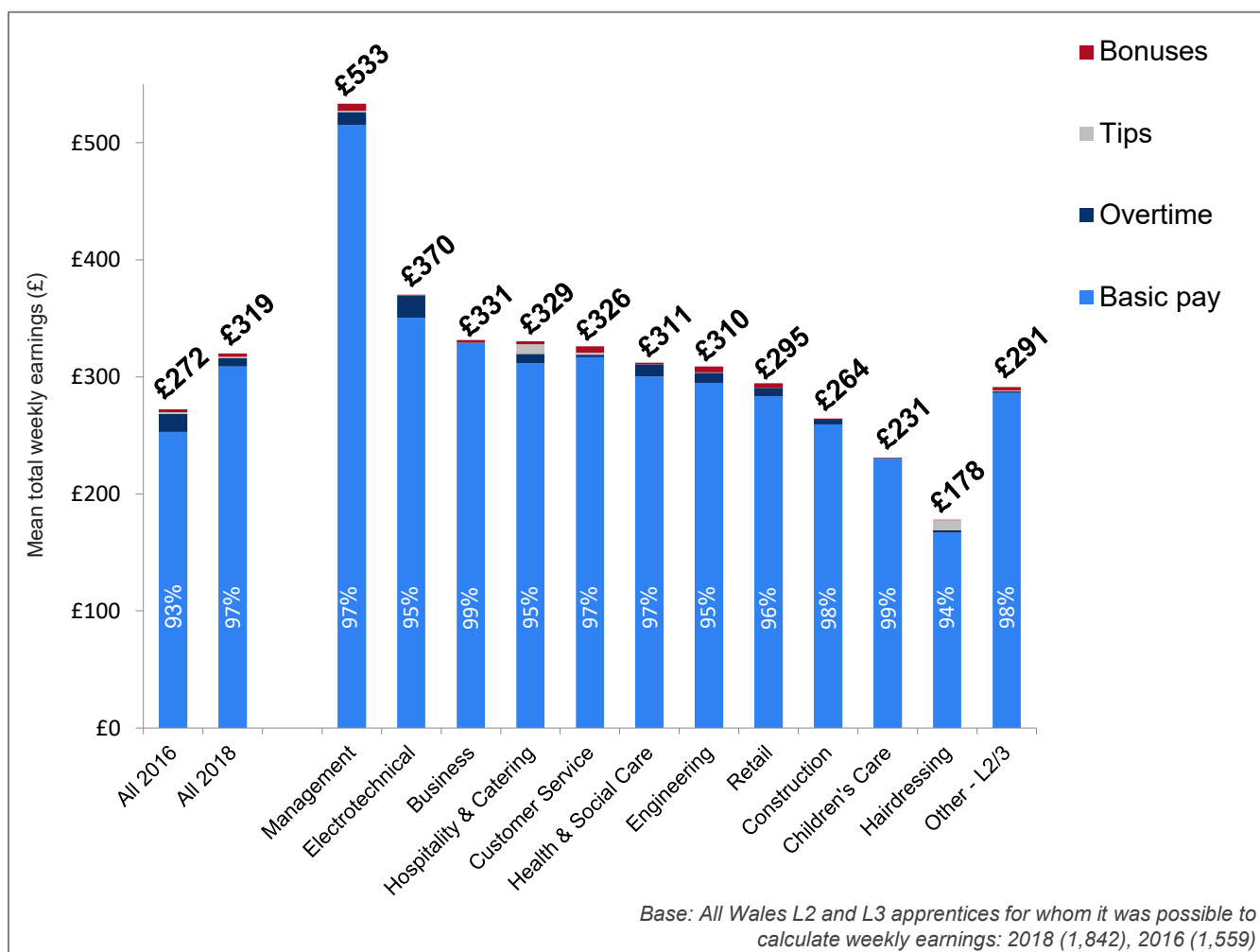
The mean total weekly earnings for Level 2 and 3 apprentices in Wales was £319 (median: £312). This is an increase from 2016 when mean total weekly earnings was £272 (median: £258). This total weekly earnings figure includes basic pay, pay from overtime, and tips from customers and bonuses. The figure is based on Level 2 and 3 apprentices in Wales for whom a total weekly earnings figure could be calculated (1,842 respondents).

As shown in Figure 3.7, mean weekly earnings varied considerably by framework, ranging from £178 in Hairdressing (median: £150) to £533 in Management (median: £508). A complete table of these figures can be found in Appendix A.

Figure 3.7 also illustrates the composition of total weekly earnings by each individual component: basic pay, overtime, tips from customers and bonuses. Basic pay constitutes the greatest proportion of total weekly earnings across all frameworks (an average of 97%). However, there were differences by framework in terms of the other components of weekly earnings:

- The proportion of weekly earnings from **overtime** was highest in Electrotechnical (5%), Engineering (3%) and Health and Social Care frameworks (3%).
- **Tips from customers** was highest in Hairdressing (5%) and Hospitality and Catering (3%), compared with the average of less than 1% across all apprentices.
- The proportion of weekly earnings from **bonuses** was highest in Customer Service and Engineering frameworks (both 2%), compared with the average of 1% across all apprentices.

**Figure 3.7 Mean total weekly earnings of Level 2 and 3 Wales apprentices split by basic pay, overtime, tips and bonuses, and the percentage of the mean total weekly earnings made up by basic pay, by framework<sup>9</sup>, 2018/19**



### Earnings from basic pay

The mean weekly earnings from basic pay – i.e. earnings excluding paid overtime, tips from customers and bonuses – across all Wales Level 2 and 3 apprentices was £310 (median: £306), which is an increase since 2016 (mean £252; median £250). Basic pay accounted for the vast majority of total weekly earnings (97%), which is higher than the proportion reported in 2016 (93%).

As detailed in Table 3-9, earnings from basic pay was highest in the Management and Electrotechnical frameworks.

<sup>9</sup> Some apprentices are provided with free accommodation, paid at a standard rate which is added to their pay eligible for NMW calculations of total earnings. However, because for others the cost of accommodation is deducted, and because a very low proportion of apprentices were provided with accommodation by their employer (5%), this has not been included in Figure 3.7.

**Table 3-9 Mean and median total weekly earnings from basic pay for Level 2 and 3 apprentices in Wales, by framework**

	<i>Base</i>	Mean £	Median £
Management	170	515	500
Electrotechnical	100	351	323
Business	171	329	329
Customer Service	98	317	336
Hospitality and Catering	97	312	320
Health, Social Care and Sport	348	300	312
Engineering and Manufacturing	239	297	288
Retail	93	283	291
Construction	191	260	236
Children's Care	141	231	235
Hairdressing	83	167	141
Other - L2/L3	110	292	300
<b>Wales Total</b>	<b>1,841</b>	<b>310</b>	<b>306</b>

Base: all Level 2 and 3 Wales apprentices for whom it was possible to calculate basic pay

## Overtime

Around six-in-ten Level 2 and 3 apprentices in Wales (61%) had worked overtime – either paid or unpaid – for their employer during their apprenticeship; in line with 2016 (62%).

Table 3-10 shows that working overtime was most common among apprentices in Electrotechnical (71%), Health, Social Care and Sport (68%) and Management (68%) frameworks.

**Table 3-10 Proportion of Wales Level 2 and 3 apprentices working overtime, by framework**

	<i>Base</i>	% Work overtime (paid or unpaid)
Electrotechnical	120	71
Health, Social Care and Sport	452	68
Management	194	68
Retail	121	64
Construction	220	63
Hospitality and Catering	123	62
Engineering and Manufacturing	272	57
Hairdressing	109	54
Children's Care	181	48
Business	196	43
Customer Service	111	42
Other - L2/L3	124	59
<b>Wales Total</b>	<b>2,223</b>	<b>61</b>

Base: all Wales Level 2 and Level 3 apprentices

Among apprentices that worked overtime (and could provide information on the number of overtime hours worked)<sup>10</sup> the median number of weekly overtime hours (either paid or unpaid) was 5 hours (mean 7 hours), in line with 2016 (median 5 hours; mean 8 hours). Of those who worked overtime:

- 71% worked less than 10 hours overtime a week;
- 21% worked between 10 and 14 hours; and
- 8% worked 15 or more hours overtime.

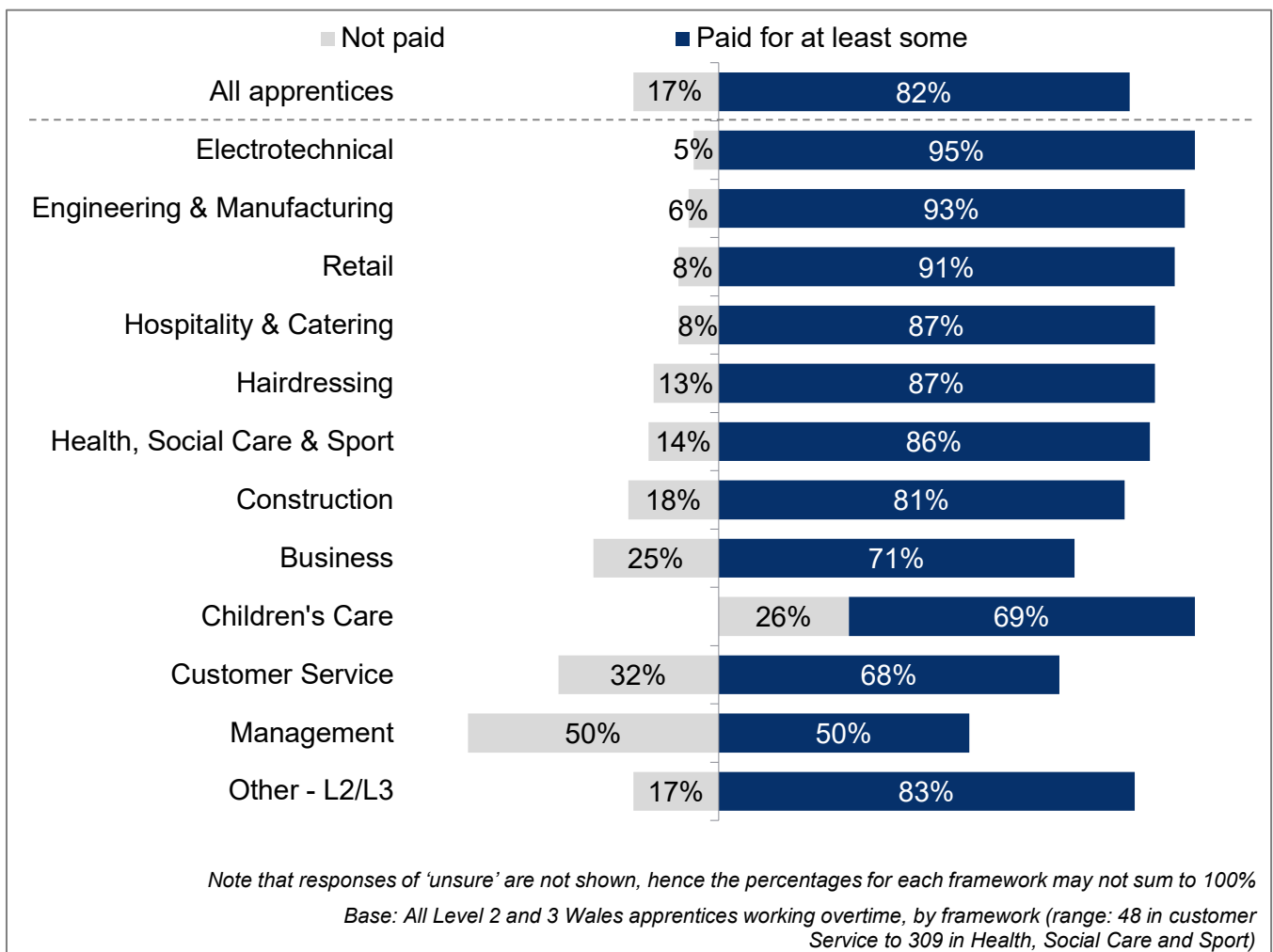
## Earnings from overtime

Around four-fifths (82%) of Level 2 and 3 apprentices in Wales that had worked overtime had been paid for at least some of the additional hours they worked. This is in line with 2016 (83%).

As shown in Figure 3.8, apprentices in Electrotechnical (95%), Engineering (93%) and Retail (91%) frameworks were the most likely to be paid for any of their overtime hours. Apprentices in Management frameworks were the least likely to be paid for any of their overtime (50%); a significant reduction compared with 2016 when 66% were paid for at least some of their overtime.

<sup>10</sup> Either in their last full working week, or a typical working week, or (for apprentices who answered with a payslip) the period covered by the payslip averaged to a weekly amount.

**Figure 3.8 Proportion of Level 2 and 3 Wales apprentices that were paid or not paid for their overtime, by framework**



Among apprentices that were paid for at least some of their overtime hours (and were able to state how many paid overtime hours they worked in a typical week), the median number of paid overtime hours was 7 (mean: 8 hours), similar to 2016 (median 6 hours; mean 9 hours). Of those who worked paid overtime and could state their hours:

- 65% worked less than 10 hours paid overtime;
- 21% worked between 10 and 14 hours; and
- 15% worked 15 or more hours paid overtime per week.

Among apprentices that were paid for their overtime (and were able to state how much they were paid for this), the median amount earned in a week from overtime was £73 (mean £103).

## Unpaid overtime

Apprentices should be paid for all the hours they work, but there are times when apprentices work longer hours without extra pay. This is referred to in the report as 'unpaid overtime'. Unpaid overtime could be at the choice of the apprentice, or as a result of a request from the employer; the questionnaire did not distinguish between the two.<sup>11</sup>

Among apprentices that worked overtime, 17% were not paid for any of their overtime hours (equivalent to 10% of all Level 2 or 3 apprentices in Wales). This group reported working a median of 4.0 unpaid overtime hours per week (mean: 6 hours).<sup>12</sup> This is broadly in line with the 2016 survey (median: 3 hours, mean: 5 hours).

## Time off in lieu or flexi leave

Around two-fifths (41%) of Level 2 and 3 apprentices in Wales that had ever worked overtime, either paid or unpaid, were given time off in lieu or flexi leave in return, broadly similar proportion to that reported in 2016 (38%).<sup>13</sup>

Those who were never paid for their overtime hours were more likely to be given time off in lieu or flexi leave than those who were paid for at least some of the overtime hours they worked (70% and 35% respectively).

## Tips from customers

A minority of Level 2 and 3 apprentices in Wales received tips from customers (8%), a decrease on the 11% reported in 2016.

Tips were more common among younger apprentices (ranging from 17% of those aged 16-18 to 3% of those aged 25 and over), and among those in the Hairdressing (77%) and Hospitality and Catering frameworks (41%). It is worth noting that Hairdressing frameworks consists of a much higher than average proportion of apprentices aged 16 to 18 (Hairdressing: 45%, overall average: 12%).:

The vast majority (85%) of apprentices receiving tips typically received less than £30 in tips in a typical week (see Figure 3.9) and the median amount received in tips per week was £10; the same as that reported in 2016.

As reported at the start of this chapter, tips accounted for an average of less than 1% of total weekly earnings across all apprentices but accounted for 5% of earnings in Hairdressing and 3% in Hospitality and Catering

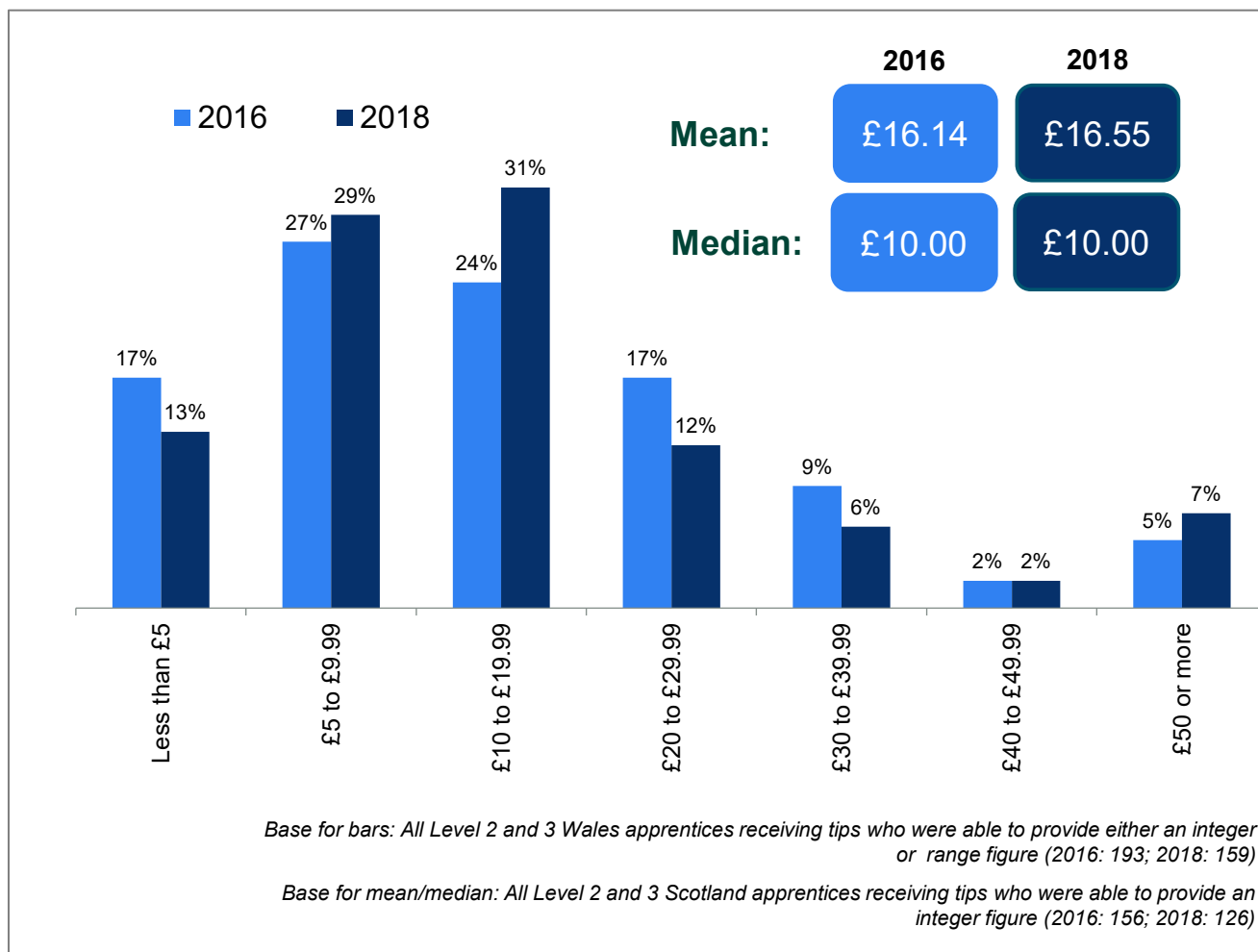
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<sup>11</sup> Where an employer has asked the apprentice to work unpaid overtime, this is counted in their total working hours and included in the calculation of their National Minimum Wage rate (discussed in the next chapter). Where the extra hours are the choice of the apprentice, these hours do not count towards their working time; however, their employer does have a responsibility to prevent this from happening.

<sup>12</sup> Some or all of this unpaid overtime could have been taken as flexi leave or as time off in lieu, but the extent to which this occurred was not asked in the survey.

<sup>13</sup> Apprentices were asked "Do you ever get given time off or flexi leave in return for working overtime?" but the questionnaire did not explore how much of apprentice's unpaid overtime was taken as time off in lieu or as flexi leave.

**Figure 3.9 Amount received in tips by Level 2 and Level 3 Wales apprentices in a typical week**



## Bonuses

Just under a fifth (18%) of Level 2 and 3 apprentices in Wales received bonuses from their employer, in line with the 16% reported in 2016.

Bonuses were more common among those on Engineering (39%) and Customer Service (29%) frameworks.

Among apprentices that received bonuses, the median bonus (as a weekly figure) was £6 (mean: £18). In 2016 it was £8 (mean: £22). Low base sizes do not allow for sub-group analysis on the amount of bonuses paid by framework.

## Accommodation

The provision of accommodation by an employer to an apprentice is the only benefit in kind which can be taken into account when calculating basic hourly pay in relation to the NMW.

- If accommodation is provided for free, an “offset rate” of £7.00 (at the time of the survey) is added to the apprentice’s wages for each day that the accommodation is provided for
- When an apprentice is charged for accommodation:
  - If the charge for accommodation is less than the offset rate would have been no deduction is made from the apprentice’s wages
  - If the charge for accommodation is more than the offset rate would have been, this amount is deducted from the apprentice’s wages.

A minority of Level 2 and 3 apprentices in Wales were provided with accommodation (5%), either free or charged for; similar to the proportion reported in 2016 (4%). Accommodation was provided for a median average of 7 days a week (mean: five days). Accommodation was provided free of charge for most of these apprentices.



## Compliance with the National Minimum Wage and National Living Wage

This section looks at the extent to which the pay of apprentices was compliant with the National Minimum Wage (NMW) or National Living Wage (NLW) rate for their age and year of apprenticeship. Details of how non-compliance is assessed are provided in chapter 2 of the report, in the section entitled ‘Compliance / Non-compliance with the National Minimum Wage (NMW) and National Living Wage (NLW)’.

As discussed in the **Error! Reference source not found.**, pay calculated as non-compliant could reveal genuine or accidental negligence on the part of employers; however, due to the very small margins of error involved in the calculations, some cases of apparent non-compliance could be due to errors or rounding in the reporting of pay and hours figures by apprentices taking part in the research. The impact of various calculation methods is discussed later in this chapter (Impact of underlying pay elements on compliance).

Based only on those Level 2 and Level 3 apprentices in Wales for whom compliance or non-compliance could be calculated given their survey responses<sup>14</sup> 82% were paid at or above the appropriate NMW or NLW, while 18% were paid below the appropriate rate. This represents a decrease in compliance from 2016 (86%).

When comparing compliance levels between 2018/19 and 2016, it is important to note that the NMW rate increased for each relevant grouping for this study: for apprentices, those aged under 18, 18-20, 21-24 and the National Living Wage (applicable for those aged 25 and over). Table 3-11 lays out the National Minimum Wage rates that were applicable in the 2016 and 2018/19 Apprenticeship Pay Surveys, alongside the amount that these rates had increased (as a percentage) between the two surveys.

**Table 3-11 National Minimum Wage rates applicable to the 2016 and 2018/19 Apprenticeship Pay Surveys**

Year	Apprentice*	Under 18	18-20	21-24	NLW (25 and over)
October 2015*	£3.30	£3.87	£5.30	£6.70	£7.20
April 2018	£3.70	£4.20	£5.90	£7.38	£7.83
% increase	12%	9%	11%	10%	9%

\* the National Living Wage was introduced in April 2016, but was applicable at the time of the Apprenticeship Pay Survey 2016 and so has been included in this table.

Table 3-12 shows the proportion of apprentices in Wales with compliant and non-compliant pay, grouped by age and year of apprenticeship. Although non-compliance at an overall level among Level 2 and 3 apprentices in Wales has increased since 2016, when stratifying by age and year of apprenticeship, there have been no significant increases, as shown in Table 3-12.

<sup>14</sup> An unweighted base of 2,071 respondents

**Table 3-12 Compliance by age and year of apprenticeship in 2018/19 and 2016 (Wales Level 2 and Level 3)**

<i>Row percentages</i>	2016			2018/19		
	<i>Base</i>	Paid NMW or higher	Paid below NMW	<i>Base</i>	Paid NMW or higher	Paid below NMW
Age 16-18 or in first year of apprenticeship	1,246	92	8	1,601	91	9
Age 19-20 and in second year of apprenticeship	168	61	39	120	71	29
Age 21-24 and in second year of apprenticeship	186	63	37	115	60	40
Age 25+ and in second year of apprenticeship	97	72	28	144	77	23
<b>Wales total*</b>	<b>1,699</b>	<b>86</b>	<b>14</b>	<b>2,071</b>	<b>82</b>	<b>18</b>

Base: all Level 2 and Level 3 apprentices with known compliance in Wales

\*The total base for Wales in both years is higher than the combined total of each of the groupings outlined in this table as it includes individuals for whom we can be certain that their pay is compliant without knowledge of their age or year of apprenticeship (e.g. those for whom their hourly pay is higher than the National Living Wage).

There were no differences when considering non-compliance rates by gender, with 17% of female apprentices receiving non-compliant pay and 19% of male apprentices receiving non-compliant pay.

As in 2016 there were considerable differences in the proportions receiving compliant pay by framework, as shown in Table 3-13. Hairdressing apprentices were again the most likely to have received non-compliant pay (41%), while those on Management frameworks were least likely (2%).

**Table 3-13: Compliance with NMW by framework for Wales Level 2 and Level 3 apprentices**

<i>Row percentages</i>	2016			2018/19		
	<i>Base</i>	Paid NMW or higher	Paid below NMW	<i>Base</i>	Paid NMW or higher	Paid below NMW
Hairdressing	80	64	36	93	59	41
Children's care	118	76	24	160	63	37
Construction and related	187	73	27	207	74	26
Electrotechnical	154	81	19	112	77	23
Engineering and Manufacturing Technologies	273	81	19	259	80	20
Health Social Care and Sport	208	94	6	406	83	17
Hospitality and Catering	80	92	8	115	83	17
Retail	106	93	7	113	87	13
Business and related	172	87	13	189	88	12
Customer Service	107	96	4	106	94	6
Management	86	98	2	189	98	2
Other - L2/L3	128	84	16	122	81	19
<b>Wales Total</b>	<b>1,699</b>	<b>86</b>	<b>14</b>	<b>2,071</b>	<b>82</b>	<b>18</b>

Base: all Level 2 and Level 3 apprentices with known compliance in Wales

**Non-compliance was lowest among the oldest group of apprentices**, those aged 25 and over (14%), compared with 23% of apprentices aged 16 to 24.

**Those nearer the beginning of their apprenticeship were less likely to receive non-compliant pay:** 8% of those who had been on their course a year or less were paid less than the appropriate minimum rate, compared with 26% of those who had been on their course for more than a year.

Those who stated that they received at least one day a week of formal training on average were more likely to receive non-compliant pay (21%) than those who said they did not receive at least one day of formal training each week (9%). This could imply that in some cases employers are failing to pay apprentices for time spent on formal training, thus pushing up non-compliance among this group. There was also a connection between total hours worked and compliance: those with non-compliant pay worked higher total hours per week (median: 42.5 hours, mean: 43.0 hours) compared to those with compliant pay (median: 40.0 hours, mean: 39.0 hours).

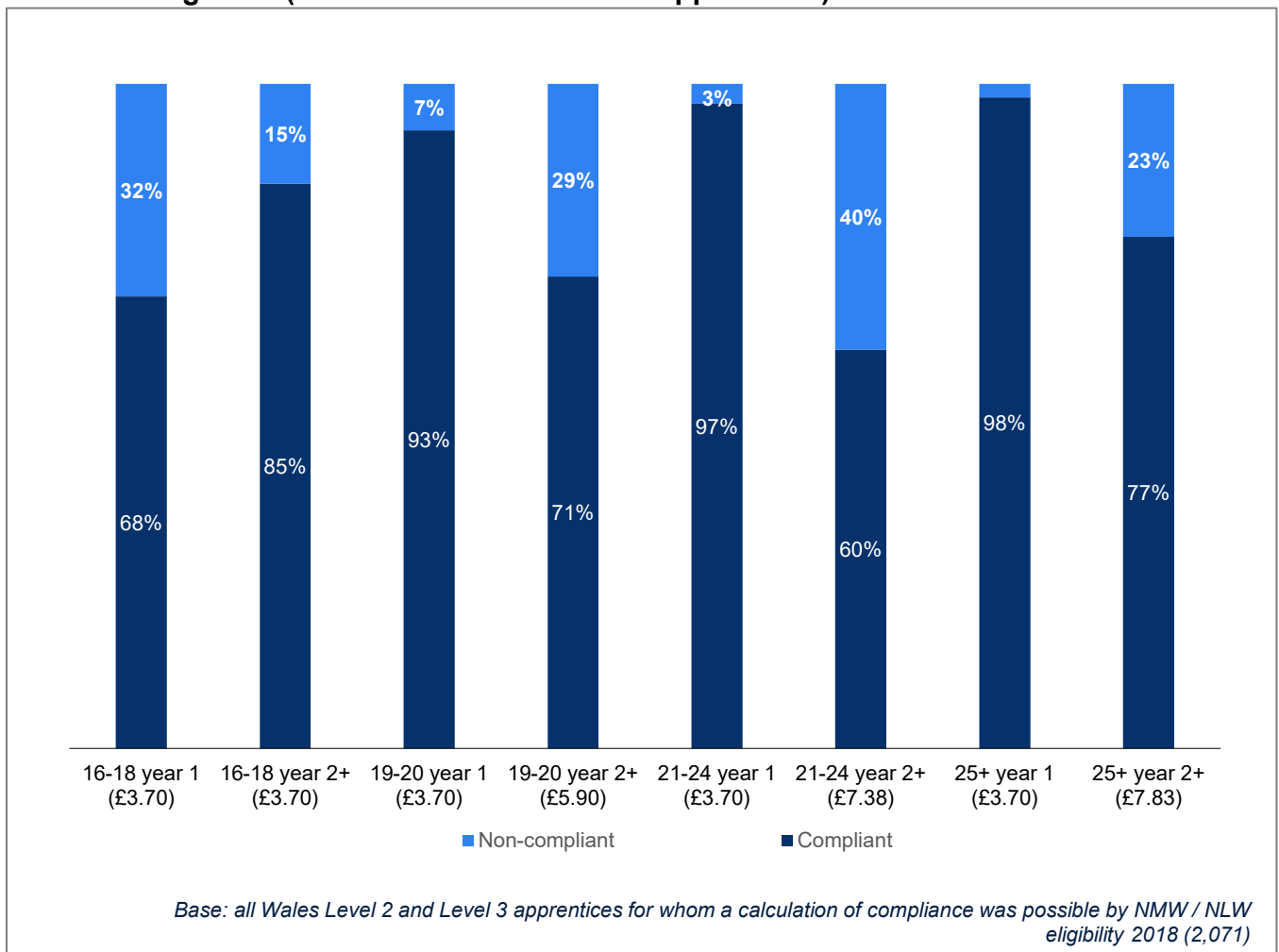
**There was no difference in likelihood to receive non-compliant pay between Level 2 and Level 3 apprentices**, however it was more common among:

- Apprentices who received tips (28%), those who worked unpaid overtime (25%) and those who received a bonus (23%)
- Those employed for the duration of their training only (30%) compared with those employed on a permanent basis (17%); and
- Those without a written contract (24%) compared with those with a written contract (18%).

Results for compliance by age group combined with year of apprenticeship are shown in Figure 3.10.

For apprentices aged 16-18, non-compliance was more common in the first year of study (32%) than in their second year or later (15%), although the reverse relationship was true for those aged 19-20 (first year 7% vs. second year or later 29%), 21-24 (first year 3% vs second year or later (40%) or aged 25 or older (first year 2% vs. second year or later 24%).

**Figure 3.10 Compliance by age and year of apprenticeship and corresponding National Minimum Wage rate (Wales Level 2 and Level 3 apprentices)<sup>15</sup>**



<sup>15</sup> The currency values in this graph demonstrate the hourly NMW rate relevant to apprentices of that age and in that year of their apprenticeship.

Table 3-14 and Figure 3.11 show the pay distribution for Level 2 and Level 3 apprentices in Wales, also indicating within each pay band the relevant compliance rate. These figures are again based on respondents for whom it was possible to calculate an exact hourly pay figure (1,806 of 2,037 Level 2 and Level 3 apprentices interviewed).<sup>16</sup>

Overall, the level of non-compliance has increased since 2016 but so too has the proportion paid over £9 an hour: 27% of Level 2 and Level 3 apprentices for whom an hourly pay rate could be calculated received this rate, compared with 18% in 2016.

As in 2016 and 2014, a very small proportion of apprentices were paid £1.50 an hour or less (0.1%). Three per cent were paid between £1.51 and £2.99 and a further 3% were paid between £3.00 and £3.69; the vast majority of these were eligible for the £3.70 minimum.

**Table 3-14 Apprentice pay rates and compliance / non-compliance (Wales Level 2 and Level 3)**

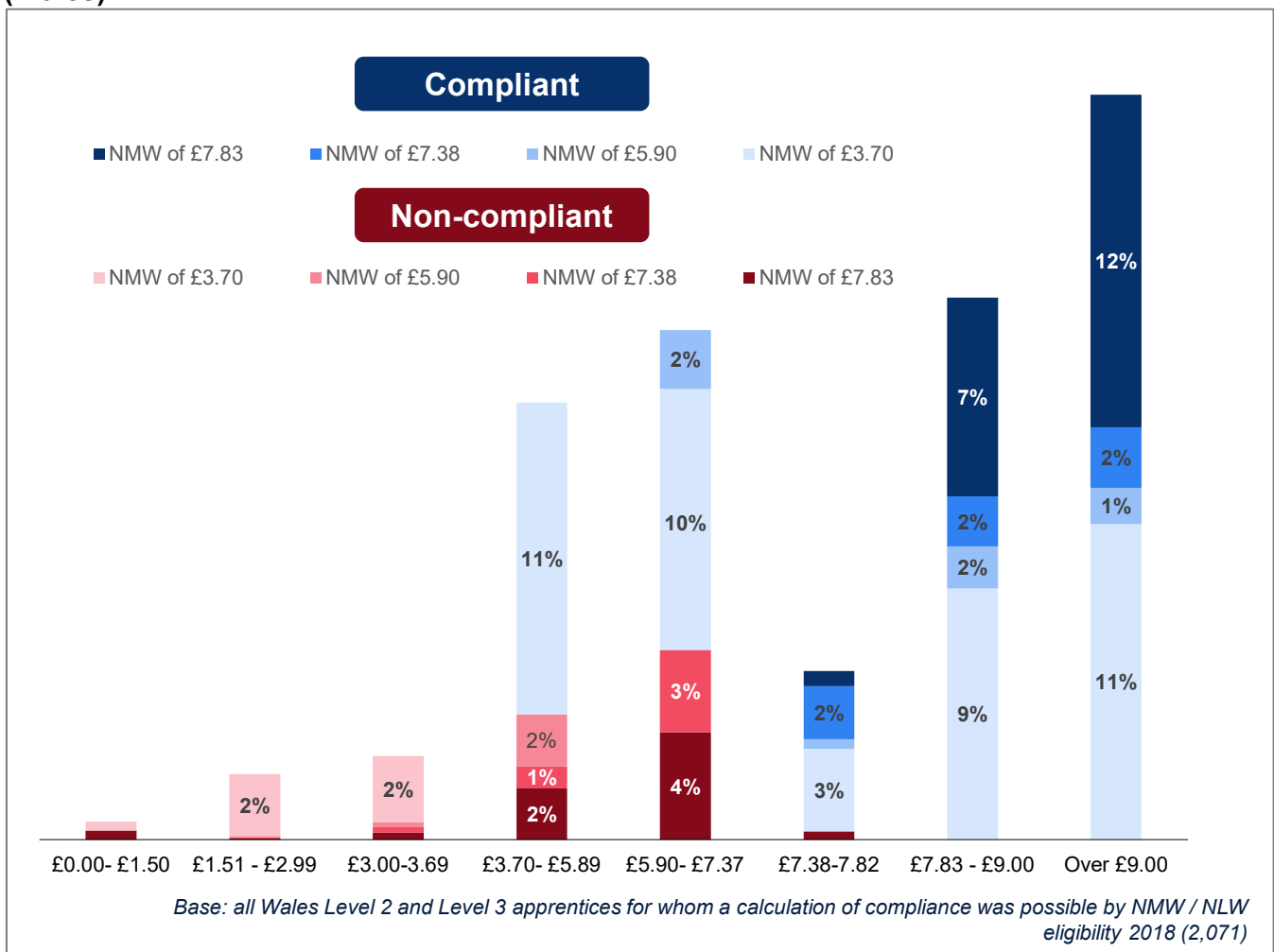
	Proportion of all apprentices in each pay / compliance band (%)							
	£0.00- £1.50	£1.51 - £2.99	£3.00- 3.69	£3.70- £5.89	£5.90- £7.37	£7.38- 7.82	£7.83 - £9.00	Over £9.00
Compliant	N/A	N/A	N/A	12.1	12.4	6.2	21.1	29.0
Non-compliant	0.7	2.6	3.3	4.9	7.4	0.3	N/A	N/A

Base: All Wales L2 and L3 apprentices with a specific calculated hourly pay figure (2,071). Each figure is based on the overall base; hence for example 2.6% of all Level 2 and 3 apprentices in Wales where an hourly pay figure could be calculated received non-compliant pay of £1.51 to £2.99 an hour.

As well as showing the distribution of hourly pay rates, Figure 3.11 also shows which NMW or NLW rate applied to respondents, and whether the pay was compliant or not. For example, it shows in the final column that 11% of all apprentices for whom exact hourly pay could be calculated received over £9 an hour while needing a minimum of £3.70 per hour to be compliant, and 12% received over £9 an hour while needing a minimum of £7.83 per hour to be compliant.

<sup>16</sup> Note that the different base results in slightly different compliance figures compared to Level 2 and 3 overall: 19% of those with calculable hourly pay had a non-compliant pay level, compared with 18% of all Level 2 and 3 apprentices in Wales for whom compliance could be calculated.

**Figure 3.11 Level 2 and Level 3 apprentice pay rates and non-compliance distribution (Wales)**



Overall, 7% of all Level 2 and Level 3 apprentices in Wales were paid below the National Minimum Wage rate of £3.70. The majority of these apprentices should have been paid a minimum of £3.70 (6% of all Level 2 and 3 apprentices), although a small minority should have been paid at least £5.90 per hour (<1% of all Level 2 and 3 apprentices), a minority of £7.38 an hour (<1% of all Level 2 and 3 apprentices) or a minimum of £7.83 an hour (1% of all Level 2 and 3 apprentices).

Around one in six of all Level 2 and Level 3 apprentices in Wales were paid between £3.70 and £5.89 (17% of all Level 2 and 3 apprentices), with around three-quarters of this group being paid below the National Minimum Wage that they were eligible for (12% of all Level 2 and 3 apprentices).

Around one in five of all Level 2 and Level 3 apprentices in Wales were paid between £5.90 and £7.37 (20%). Half of these (10% of all Level 2 and Level 3 apprentices) were eligible for a minimum rate of £3.70 and a further tenth of this group were eligible for £3.70 to £5.89 an hour (2% of all Level 2 and 3 apprentices) and hence had compliant pay. However small proportions should have been receiving at least £7.38 (4% of all Level 2 and 3 apprentices) or £7.83 or more (4% of all Level 2 and 3 apprentices).

Overall, 7% of all Level 2 and Level 3 apprentices in Wales were paid between £7.38 and £7.83 an hour, with nearly all of these individuals receiving compliant pay (5% of all Level 2 and 3 apprentices compliant; 1% of all Level 2 and 3 apprentices non-compliant).

Half of all Level 2 and Level 3 apprentices in Wales (50%) were paid more than the National Living Wage rate of £7.83 an hour, all of whom of course had compliant pay.

Considering Level 2 and Level 3 apprentices in Wales that were eligible for the National Living Wage, around three-quarters received compliant pay (76%), with a quarter receiving non-compliant pay (24%).

## Apprentices paid less than the National Minimum Wage or National Living Wage

The figures in this chapter to date have looked at the rate of compliance / non-compliance among different groups of Level 2 and Level 3 apprentices. This analysis now looks at the profile of apprentices having non-compliant pay.

Among those whose pay was non-compliant with the NMW (a base of 273), 48% were aged under 19 or were on the first year of their apprenticeship, and were therefore eligible for a minimum of £3.70 an hour; this proportion is in line with 2016 when two-fifths (44%) of Level 2 and 3 apprentices in Wales with non-compliant pay were under 19 or in their first year (at which point the minimum rate was £3.30).

A fifth (21%) of those with non-compliant pay were aged 25 and over, and were therefore eligible for the NLW of £7.83 an hour, an eighth were aged 19 or 20 (15%; eligible for NMW of £5.90 an hour) and a further eighth were aged 21 to 24 (15%; eligible for NMW of £7.38 an hour).

## Distance from the National Minimum Wage / National Living Wage

Among Level 2 and Level 3 apprentices in Wales calculated to have non-compliant pay, just over a quarter (28%) were paid within 10% of the appropriate rate, a decrease in comparison to 2016 (44%).

**Figure 3.12 Distribution of hourly pay for those with non-compliant pay aged 16-18 or in the first year of apprenticeship (below £3.70 an hour, Wales Level 2 and Level 3)**

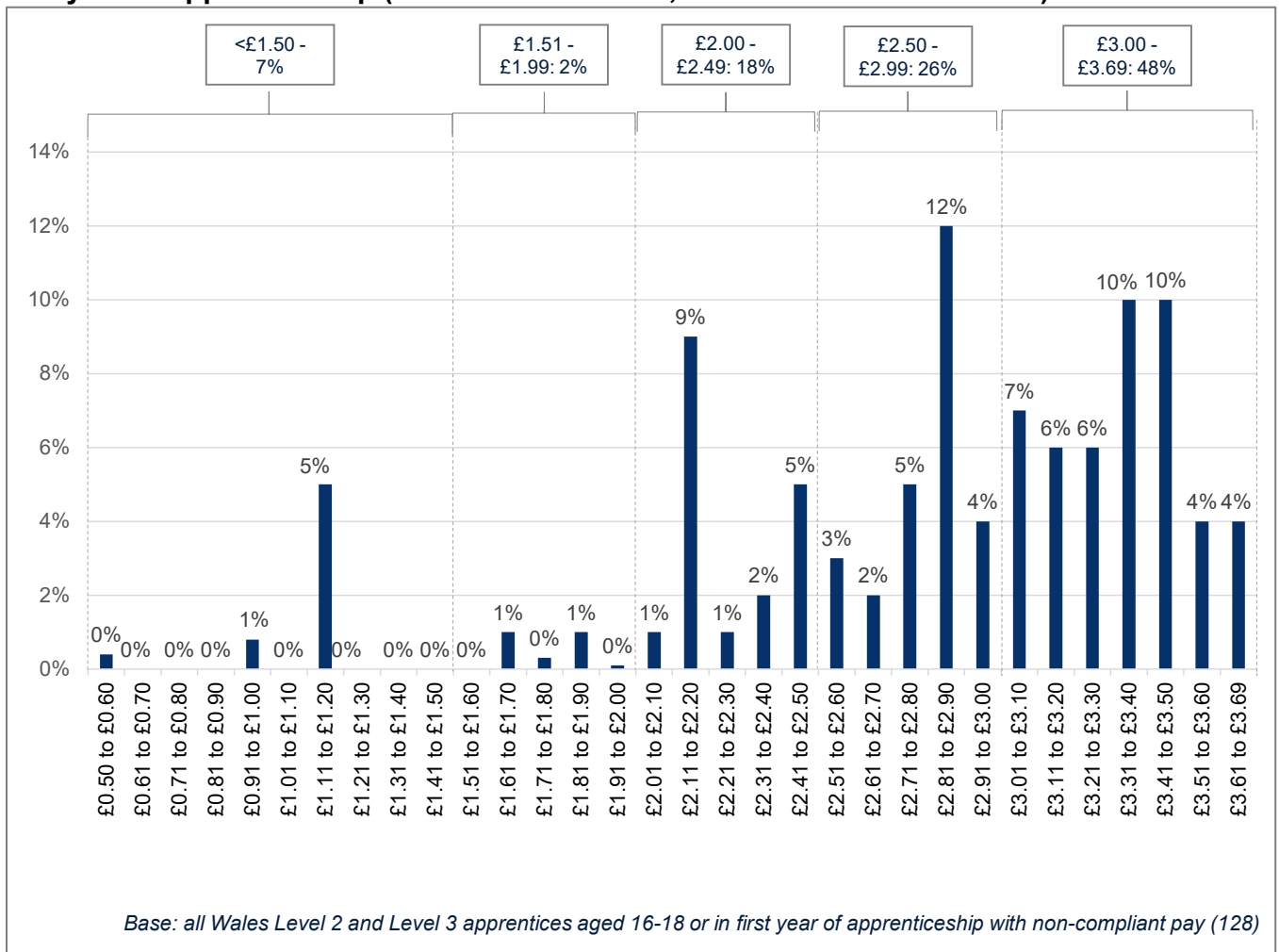


Figure 3.12 shows the distribution of pay below £3.70 for those aged 16 to 18 or in the first year of their apprenticeship among those with calculable pay figures. (Note this section uses the calculated gross hourly pay rather than the basic hourly pay figures used elsewhere in the report – see the discussion on this in Chapter 2).

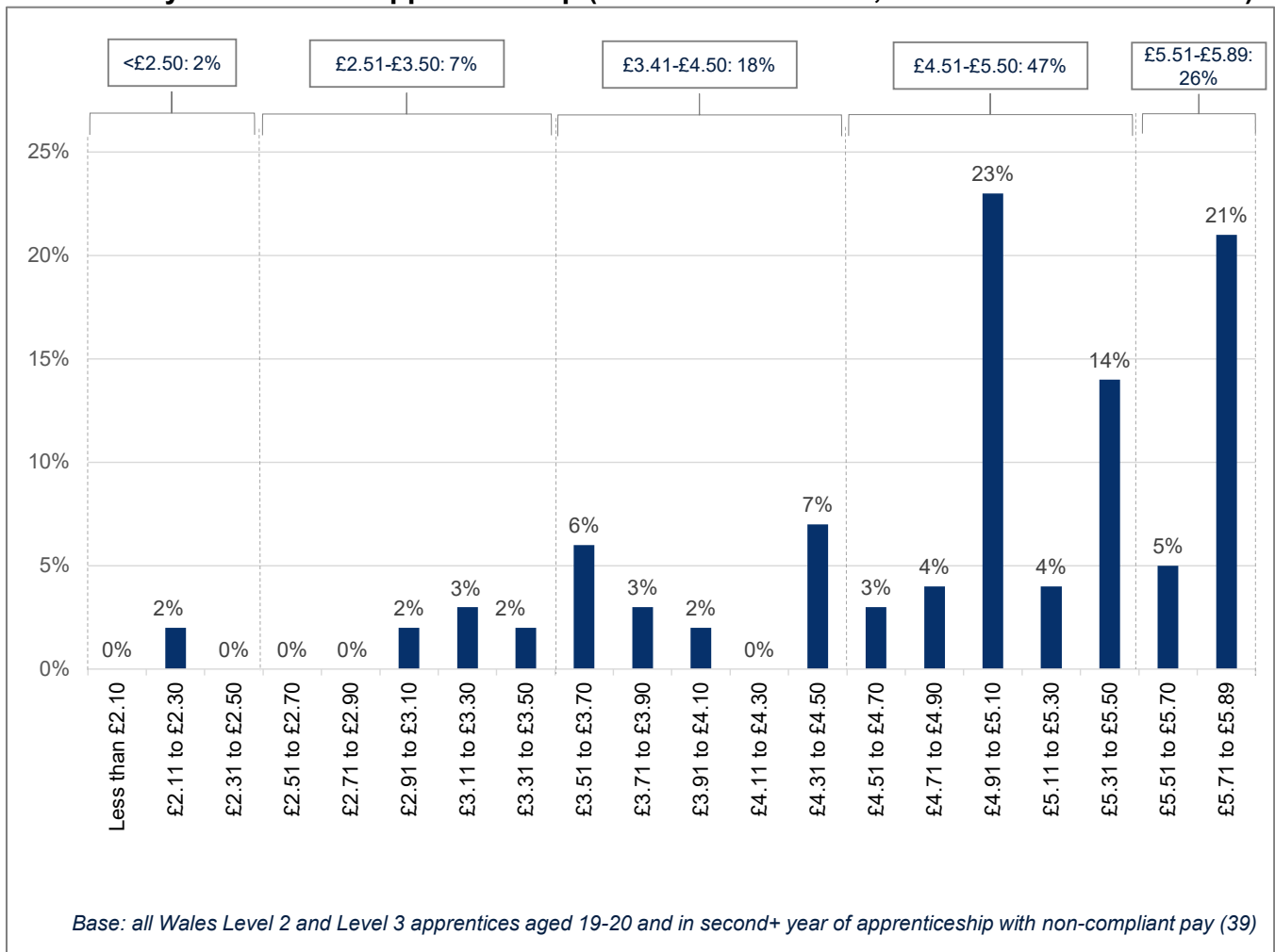
A fairly high proportion of those aged 16 to 18 or in the first year of their apprenticeship were close to the NMW level, indicating that in some cases the apparent non-compliance could be due to measurement or calculation error (e.g. respondents giving rounded figures): 28% were paid within 10% of the correct rate (between £3.33 and £3.69), although this was lower than the 44% of the same group of apprentices that were within 10% of the appropriate rate in 2016.

Those aged 16 to 18 or in the first year of their apprenticeship with non-compliant pay were receiving similar levels of pay to those found in the 2016 survey: the proportion being paid more than £2.50 was 73%, in line with 80% in 2016.

The median pay figure for this group of non-compliant apprentices was £2.97 an hour (mean of £2.83), this compares with a median of £2.88 an hour in 2016 (mean of £2.80).



**Figure 3.13 Distribution of hourly pay for those with non-compliant pay aged 19-20 and in the second year or later of apprenticeship (below £5.90 an hour, Wales Level 2 and Level 3)**



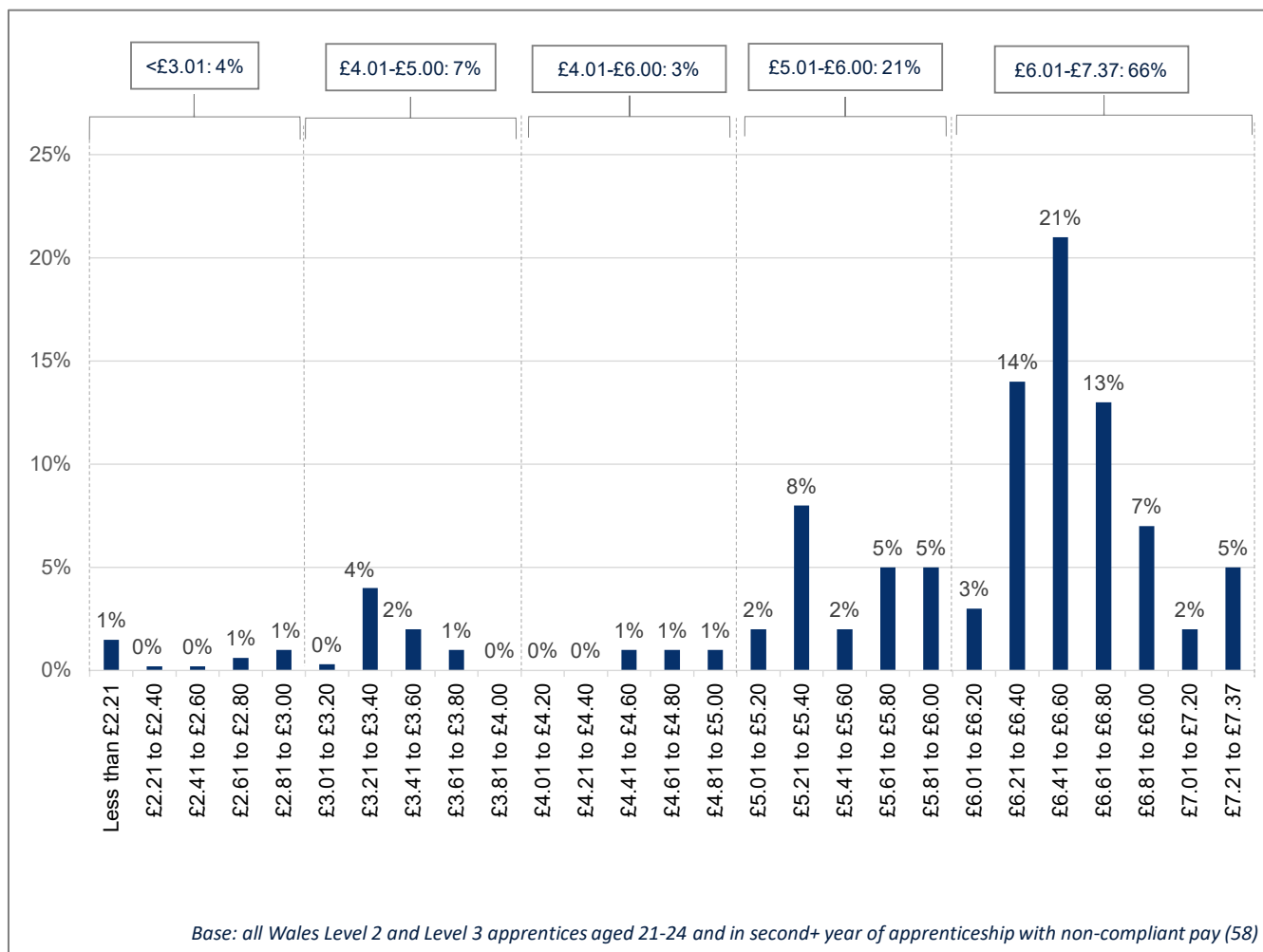
Of those with non-compliant pay aged 19 to 20 and in the second year of their apprenticeship or later, around two-fifths (40%) were paid within 10% of the correct rate (between £5.31 and £5.89). The low base size in Figure 3.13 Figure 3.12(39) means that results should be treated with caution.

As shown in Figure 3.13, there was a small spike at the £3.51-£3.70 bracket (6%), which suggests that some apprentices within this group were still being paid at the previous minimum rate after having turned 19 and/or moved into the second year of their apprenticeship. There was also a more substantial spike around the £5.00 level (23%).

Among those with non-compliant pay aged 19 to 20 and in the second year of their apprenticeship or later, three fifths (61%) were paid more than £5.00 an hour, a further fifth (19%) received between £4.01 and £5.00. A small proportion (2%) were paid £3.00 an hour or less.

The median pay figure for non-compliant apprentices aged 19 to 20 and in the second year of their apprenticeship or later in Wales was £5.05 (the mean was £4.89). This is broadly in line with the median of £4.73 (a mean of £4.43) for this group of apprentices in 2016, although the low base sizes that inform these results are too low to allow for thorough comparison.

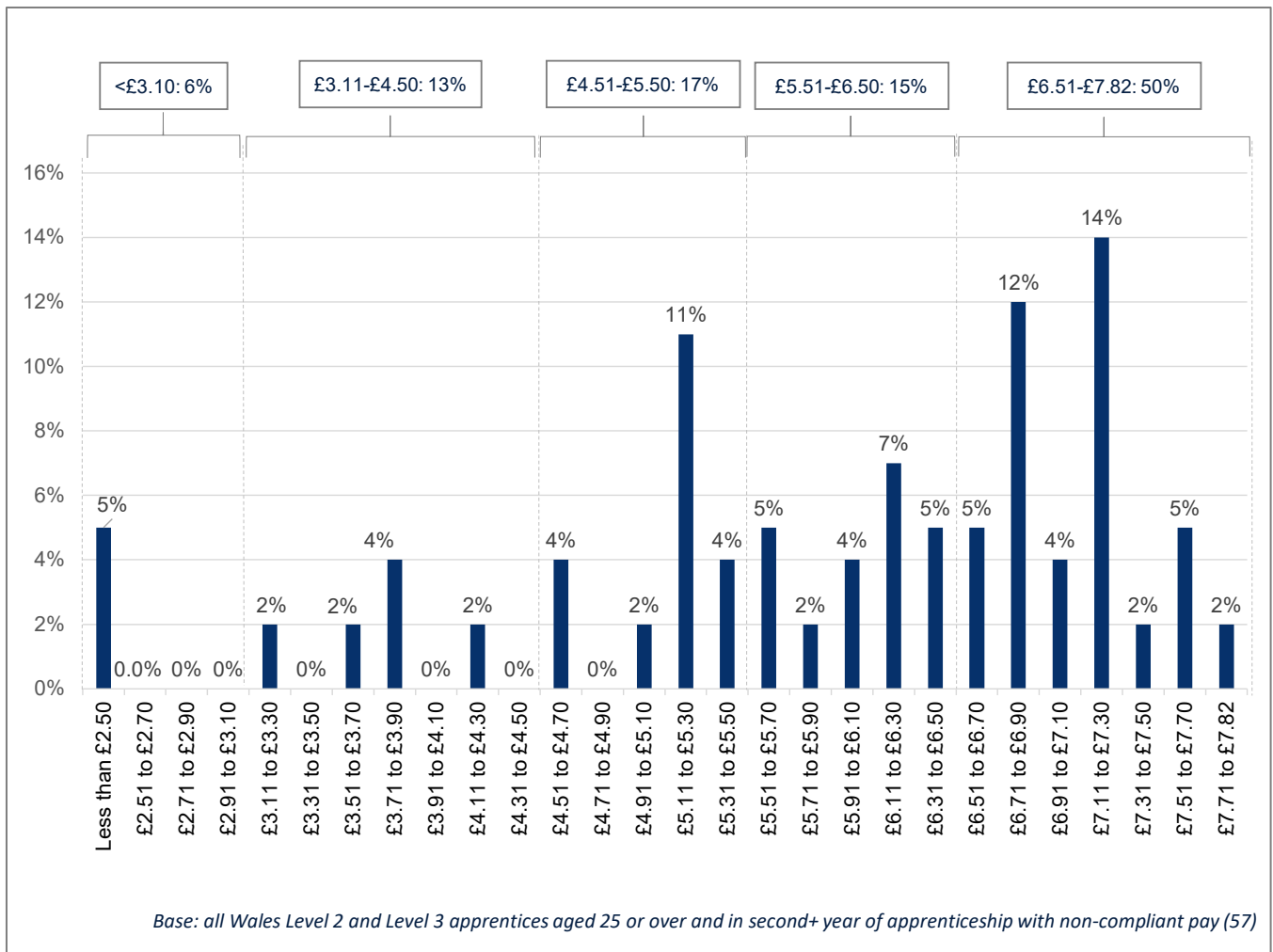
**Figure 3.14 Distribution of hourly pay for those with non-compliant pay aged 21-24 and in the second year or later of apprenticeship (below £7.38 an hour, Wales Level 2 and Level 3)**



Among non-compliant apprentices aged 21 to 24 and in the second year of their apprenticeship or later, around a quarter (27%) were paid within 10% of the correct rate (between £6.64 and £7.38). The vast majority (86%) received between £5.00 and £6.64. The low base size in Figure 3.13 Figure 3.12 (39) means that results should be treated with caution.

The median pay figure for non-compliant Level 2 and Level 3 apprentices in Wales aged 21 to 24 and in the second year of their apprenticeship or later was £6.27 (the mean was £5.93). This compares to a median of £6.00 (a mean of £5.58) for this group of apprentices in 2016.

**Figure 3.15 Distribution of hourly pay for those with non-compliant pay aged 25 or over and in the second year or later of apprenticeship (below £7.83 an hour, Wales Level 2 and Level 3)**



Of those with non-compliant pay aged 25 or older and in the second year of their apprenticeship or later, around a quarter (23%) were paid within 10% of the correct rate (between £7.11 and £7.82). The low base size in Figure 3.13 Figure 3.12(57) means that results should be treated with caution.

Among those with non-compliant pay aged 25 or older and in the second year of their apprenticeship or later, four fifths (78%) were paid more than £5.00 an hour. A small proportion (6%) were paid £3.00 an hour or less.

The median pay figure for non-compliant apprentices aged 25 or older to 20 and in the second year of their apprenticeship or later in Wales was £6.59 (the mean was £5.79). The base size for this group in 2016 was too low to be able to provide meaningful data regarding the median or mean pay as a point of comparison.

## Impact of underlying pay elements on compliance

In calculating the compliance of an apprentice's wages with the National Minimum Wage or National Living Wage, basic pay at their standard hourly rate, the provision of accommodation (and/or any associated charges), and unpaid overtime hours are considered (see chapter 2). It is feasible that some apprentices are intentionally paid below the NMW, for example, an hourly rate that is too low or an employer charging high amounts for live-in accommodation.

Conversely, underpayment could be the result of mistakes. Earnings below NMW could arise from a delay in an apprentice's pay being increased following a change in eligibility (completing their first year or an increase in age) or from an apprentice voluntarily working additional hours on top of their paid hours. It may also occur due to mistakes by employers about which elements of apprentices' pay counts towards the minimum wage or a lack of knowledge about the NMW rates themselves.

This section examines the extent to which particular elements of pay may be contributing to non-compliance. To do this, a range of comparative rates were calculated (each with different pay elements included or excluded) and the compliance of the resultant rates with current NMW / NLW rates investigated. To ensure like-for-like comparisons all of the figures have been based on Wales Level 2 and Level 3 apprentices for whom compliance could be determined for all of the pay elements. Table A2 in Appendix A shows the pay elements and hours that have been included in each of the different compliance calculations:

- The NMW / NLW calculation (current method);
- Pay calculated with unpaid overtime removed;
- Basic hourly pay rate; and
- Pay calculated with all earnings and all hours.

Table 3-15 shows the levels of non-compliant pay resulting from each of the calculation methods.

**Table 3-15 Comparison of non-compliance by different calculation methods by age, gender, year of apprenticeship, and framework (Wales Level 2 and Level 3)<sup>17</sup>**

	<i>Base</i>	NMW (current method) %	Unpaid overtime removed %	Basic hourly pay rate %	All earnings and all hours %
<b>Age</b>					
16-18	229	24	16	16	17
19-20	286	22	12	13	15
21-24	338	24	16	16	16
25+	1,055	14	8	8	8
<b>Gender</b>					
Male	977	20	11	11	13
Female	931	18	11	11	11
<b>Year of apprenticeship</b>					
A year or less	1,423	9	6	6	6
More than a year	485	27	15	15	17
<b>Framework</b>					
Management	173	2	2	2	2
Customer Service	99	7	7	7	7
Business and related	173	11	7	7	10
Retail	98	12	3	3	3
Hospitality and Catering	105	18	15	15	15
Health Social Care and Sport	380	18	9	9	10
Engineering and Manufacturing Technologies	242	20	9	10	10
Electrotechnical	102	25	12	12	11
Construction and related	193	28	14	15	17
Children's care	144	38	31	31	32
Hairdressing	86	41	32	32	31
Other - L2/L3	113	21	11	13	11
<b>Total 2018/19</b>	<b>1,908</b>	<b>19</b>	<b>11</b>	<b>11</b>	<b>12</b>

Base: All Wales Level 2 and Level 3 apprentices for whom compliance could be calculated using all four of the calculation methods in the table. Please note that this is different to the base of all apprentices for whom a calculation of compliance could be made, as used elsewhere in the report.

As shown in Table 3-15, at an overall level, calculating NMW with unpaid overtime removed, or using the basic hourly pay rate, or using all earnings and all hours has some impact on the proportion of apprentices calculated as receiving non-compliant pay. In particular, the effect of removing unpaid overtime from the calculation has a marked effect on compliance rates within Construction and related frameworks (falling from 28% non-compliant to 14%) and Electrotechnical frameworks (falling from 25% non-compliant to 12%), which is also true when calculating hourly pay taking into account *all earnings* and *all hours* (Electrotechnical: falling

<sup>17</sup> Table A2 in the appendices details the pay elements included in each compliance calculation presented in this table.

from 25% non-compliant to 12%; Construction and related: falling from 28% non-compliant to 15%). As in the other instances, calculating hourly pay utilising all earnings and all hours has a particular influence on likelihood for pay to be compliant with the NMW for apprentices studying Electrotechnical frameworks (falling from 25% non-compliant to 11%).

This suggests a consistent influence of including these elements in hourly pay rates when considering whether pay rates were compliant with national minimum wage rates. This is in contrast to 2014 and 2016 when the inclusion or exclusion of unpaid overtime, bonuses, higher rate pay and accommodation had a relatively minor impact on compliance overall, due to the fact that each of these pay elements only applied to a minority of apprentices.

Looking at just the groups receiving each of these pay elements in Table 3-16 reveals a greater impact on compliance.

**Table 3-16 Impact on compliance levels according to certain pay elements, among the apprentices who received that element of pay (Wales Level 2 and Level 3)**

	<i>Base</i>	Proportion of apprentices (%)	Standard non-compliance (%)	Unpaid overtime removed (%)	All earnings and all hours included (%)
<b>Received any additional earnings (tips, bonuses, or paid overtime)</b>	473	9	23	N/A	15
<b>Worked unpaid overtime</b>	283	15	26	15	N/A

Base: All L2 and L3 Wales apprentices for whom a calculation could be made from the extra earning elements and current compliance level was known.

Among all Level 2 and Level 3 apprentices in Wales for whom compliance could be calculated across each pay measure, three in ten (9%) had earnings in addition to their basic pay, including tips, bonuses and paid overtime. Based on their pay eligible for the NMW (which excludes all additional earnings), 23% had non-compliant pay; when their hourly rate was recalculated to incorporate additional earnings this fell to 15%.

Looking at the 15% of apprentices, for whom compliance could be calculated who worked any unpaid overtime, one quarter (26%) had non-compliant pay when based on pay eligible for the NMW (which includes unpaid overtime); when their hourly rate was recalculated excluding unpaid overtime hours, this fell to 15%.

To explore the idea that underpayment was caused by employers being slow to react to a change in the NMW rate eligibility, compliance was investigated among those aged over 18 who had recently (within two months prior to interview) finished their first year, or turned 19, 21 or 25 in age. **Those who had undergone a recent change in eligibility were much more likely to be non-compliant (39%) compared to those who had not recently changed eligibility (26%).**

Breaking this down further, **those apprentices who had recently finished the first year of their apprenticeship had a higher level of non-compliance (39%) compared with second years who had not recently finished the first year (25%).**

When non-compliance is estimated based on payslip information only, this has a relatively small effect, and, in contrast to the overall picture, non-compliance among respondents completing the survey with a payslip is slightly higher: 21% of respondents answering with a payslip to hand were calculated to have non-compliant pay, compared with 17% of non-payslip respondents. Among those respondents whose payslip contained both their pay and hours, non-compliance remains around the same level as with other respondents completing the survey with a payslip to hand; 20% of these apprentices receiving non-compliant pay.

**Based on self-reported hourly pay figures only (that is, the hourly rate that the apprentice stated, rather than a derived hourly pay rate based upon the pay and hours data collected in the survey)<sup>18</sup> the level of non-compliance was significantly lower:** just 1% of this group gave a non-compliant figure for their hourly pay. Overall, nearly all (97%) apprentices whose pay was calculated as non-compliant gave a stated hourly rate that was compliant with the appropriate NMW / NLW. This discrepancy could arise for several reasons: apprentices being misinformed about their hourly rate; apprentices failing to factor in some elements of the NMW / NLW such as overtime or accommodation; and measurement errors as described in the introduction of this report (Chapter 2, Methodology).

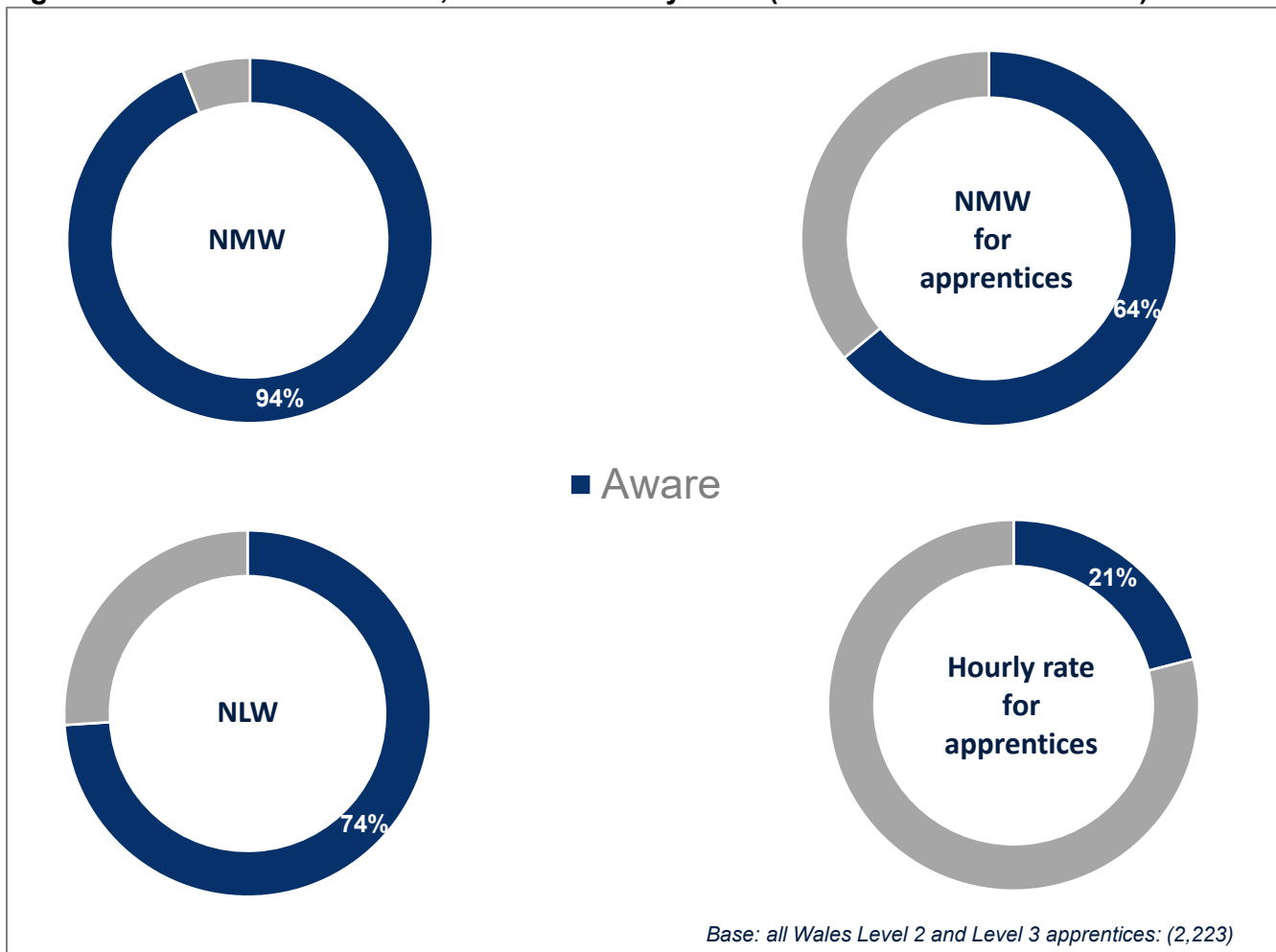
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<sup>18</sup> 54% of Level 2 and Level 3 apprentices in Wales were able to state their hourly pay (an unweighted base of 1,193).

## Awareness of the Apprentice Rate of National Minimum Wage

The vast majority of Level 2 and Level 3 apprentices in Wales (94%) had heard of the National Minimum Wage, in line with 2016 (94%). Awareness was higher among apprentices that were aged 21 or over (96%) than those aged 16-18 (84%).

**Figure 3.16 Awareness of NMW, NLW and hourly rates (Wales Level 2 and Level 3)**



Apprentices were less aware of the National Living Wage, which came into force from 1st April 2016, with three-quarters of them (74%) having heard of it. This was in line with the proportion that had heard of it in 2016 (72%). Awareness rises to 81% of Level 2 and Level 3 apprentices in Wales among those that are affected by the NLW, which is to say those aged 25 or older.

Around two-thirds (64%) of Level 2 and Level 3 apprentices in Wales were aware that there is a National Minimum Wage rate for certain apprentices, which has remained stable since 2016 (64%). In contrast to awareness of the NMW in general, younger apprentices were more likely to be aware that there is a NMW for apprentices: seven in ten (72%) of those under 25 years old were aware, compared with less than 57% of those aged 25 and over.

Other groups less likely to be aware of the NMW for apprentices were:

- Female apprentices (60%) when compared to male apprentices (68%); and
- Apprentices in Hospitality and catering (55%) and Health, Social Care and Sport (57%).

Of all Level 2 and Level 3 apprentices in Wales, around one in five (21%) said they knew the minimum hourly rate for apprentices, lower than in 2016 (25%).



Groups less likely to be aware of the minimum hourly rate for apprentices included:

- Older apprentices (11% of those aged 25 and older were aware, rising to 43% of those aged 16 to 20);
- Apprentices in Management (9%), Hospitality and catering (10%), Health, Social Care and Sport (13%) and Retail (13%) frameworks.
- Level 3 apprentices (17%) when compared to level 2 apprentices (26%).

As shown in Table 3-17, apprentices on frameworks with above average awareness of the apprenticeship NMW also tended to have above average awareness of the hourly rate, with the exception of the Business and related framework, which had a lower awareness of hourly rate when compared to its awareness of the NMW for apprentices and Management frameworks which were disproportionately unaware of the hourly rate for apprentices (9%) when compared to their awareness of its existence (61%).

**Table 3-17 Awareness of an apprenticeship NMW and of the NMW hourly rate by framework (Wales Level 2 and Level 3 apprentices)**

	<i>Base</i>	Aware of apprenticeship NMW %	Aware of hourly rate %
Business and related	196	77	28
Electrotechnical	120	76	33
Engineering and Manufacturing Technologies	272	76	36
Construction and related	220	69	38
Hairdressing	109	65	35
Children's care	181	62	18
Management	194	61	9
Health Social Care and Sport	452	57	13
Customer Service	111	56	23
Hospitality and Catering	123	55	10
Retail	121	53	13
Other - L2/L3	124	64	26
<b>Wales Level 2/3 Total</b>	<b>2,223</b>	<b>64</b>	<b>21</b>

Base: all Level 2 and Level 3 apprentices with known compliance in Wales

## 4. Pay levels of Level 4 or Higher apprentices

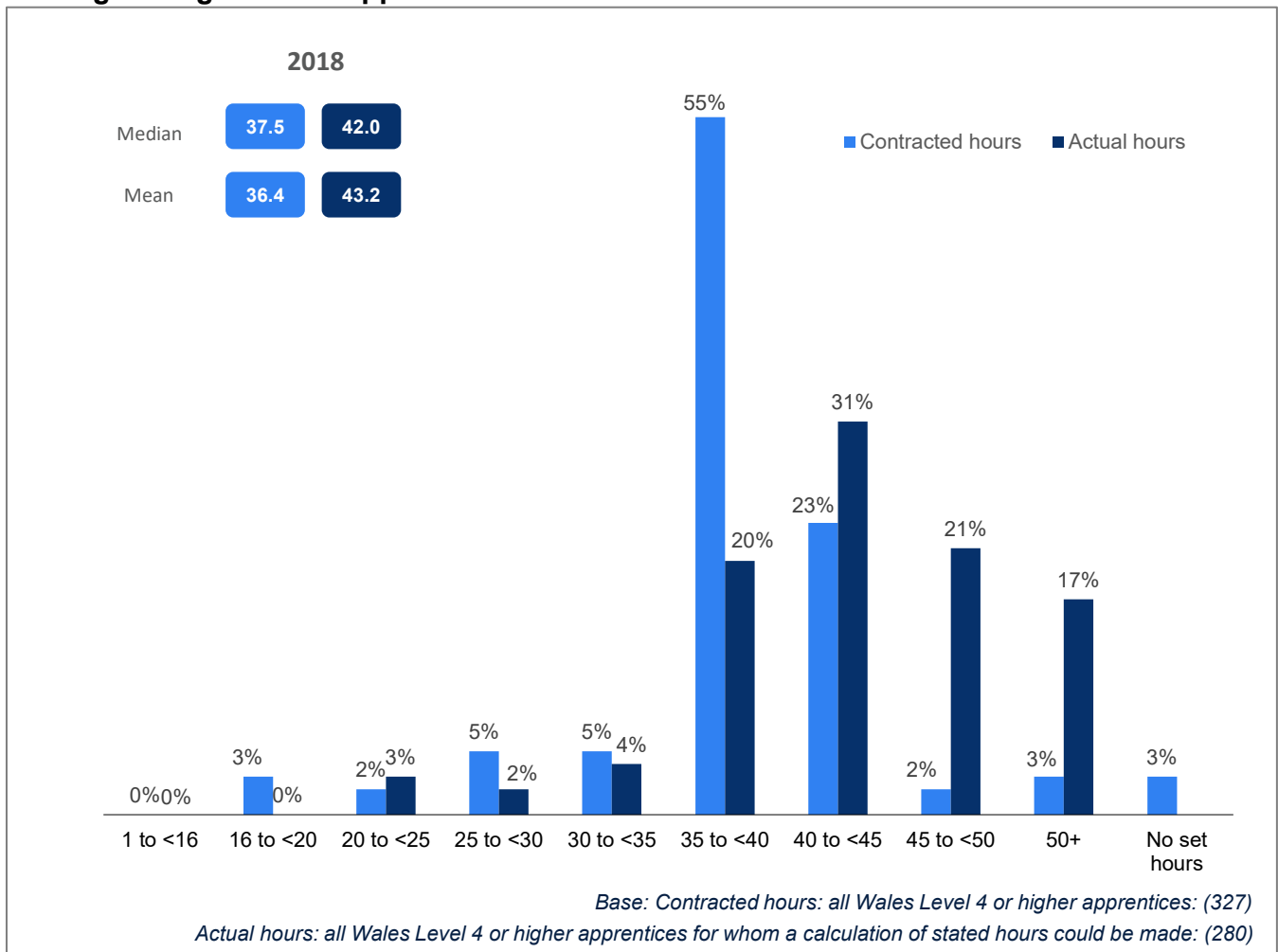
**Nearly all Level 4+ apprentices studying in Wales studying Level 4+ apprenticeships (94%) had been working for their employer before they started their course or training**, a considerably larger proportion than among Level 2 and Level 3 apprentices in Wales (74%). A higher proportion of Level 4+ apprentices had a written contract (99%, compared with 91% of Level 2 and Level 3 apprentices); in virtually all cases (93% of those with contracts), this contract was to work for the full year rather than for a part of the year.

**Level 4+ apprentices were also more likely to be employed permanently than Level 2 and Level 3 apprentices in Wales (90% vs. 80%).** A small minority had a fixed end date for their employment following completing their apprenticeship (6%) or were employed for the duration of their training only (3%).

A greater proportion of Level 4+ apprentices (95%) worked a set number of hours each week than among Level 2 and 3 apprentices (85%). Just 11% of Level 4+ apprentices were contracted to work less than 30 hours a week, with most contracted to work 35 to 39 hours a week (55%) or 40 to 44 hours per week (23%). Median weekly contracted hours for Level 4+ apprentices in Wales was 37.5 hours (mean: 36.35 hours).

As shown in Figure 4.1, actual average hours worked (including training) by Level 4+ apprentices were higher than average contracted hours, with a median of 42.0 hours a week (a mean of 43.2 hours). **Overall, four-fifths (83%) of Level 4+ apprentices worked more hours than they were contracted for.**

**Figure 4.1 Number of hours contracted to work versus number of actual hours working and training among Level 4+ apprentices in Wales**



## Provision of formal training

**Just one-fifth (21%) of Level 4+ apprentices reported that they received on average at least one day per week of formal training**, a lower proportion than among Level 2 and Level 3 apprentices in Wales (38%).

## Pay arrangements

Around half of Level 4+ apprentices (55%) were paid the same amount each week, while 44% had pay which varied depending on the hours worked, in contrast with the pattern among Level 2 and Level 3 apprentices in Wales, among whom 65% had varied pay, and 34% were paid the same each week.

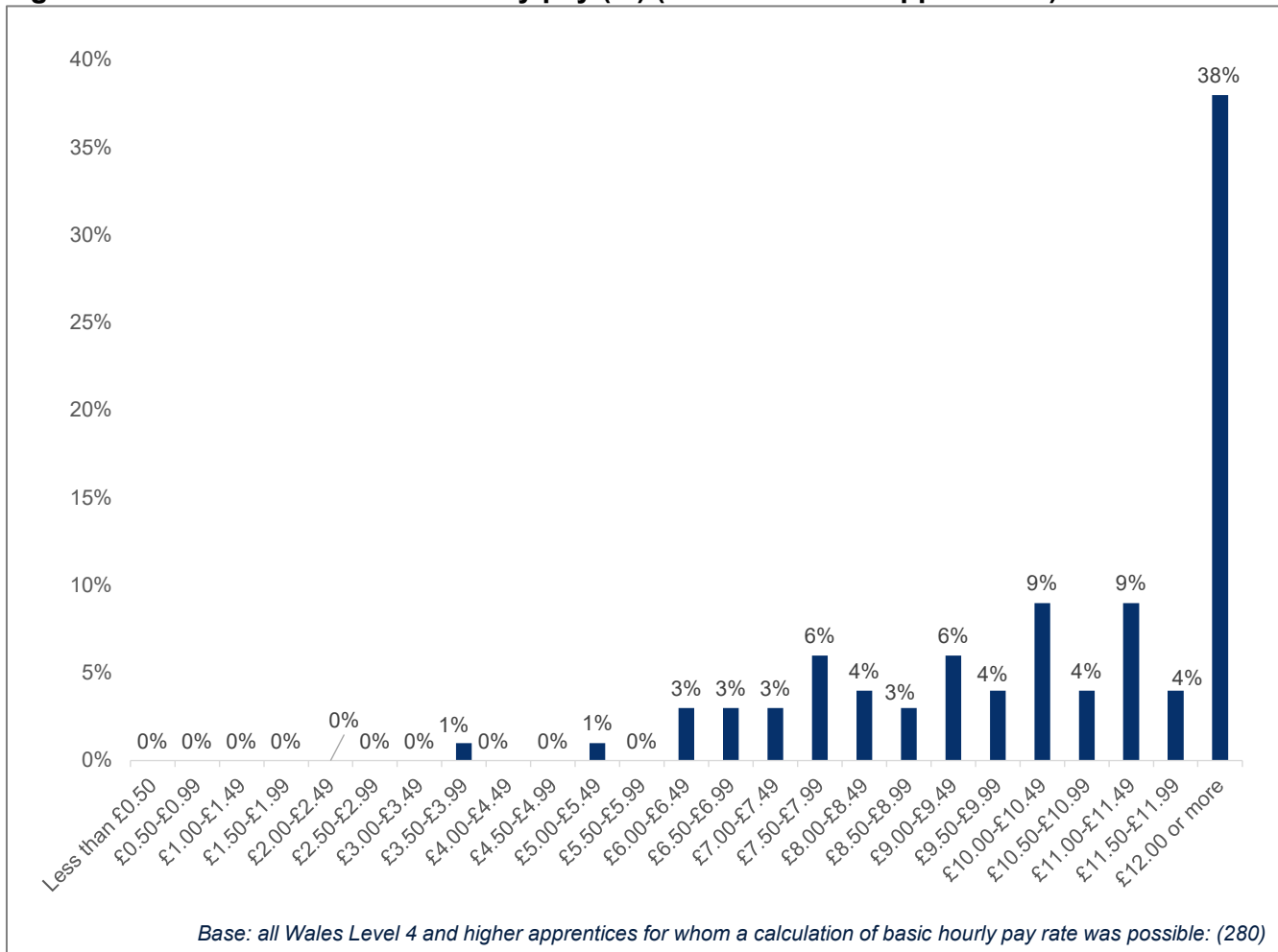
Just over half of those Level 4+ apprentices whose pay varied (54%, or 24% of all Level 4+ apprentices) said some of their hours were paid at a different rate, compared to 41% (18% of all Level 4+ apprentices) for whom their hours were paid at the same rate.

## Basic hourly pay levels

The median hourly pay for Level 4+ apprentices was £11.06 (the mean hourly pay was £11.98). This is higher than for Level 2 and Level 3 apprentices in Wales (a median pay of £7.89 an hour, and a mean of £8.15).

The proportions of apprentices falling within specific pay bands is shown in Figure 4.2. Later we discuss pay levels for those not receiving the NMW / NLW in full.

**Figure 4.2 Distribution of basic hourly pay (%) (Level 4+ Wales apprentices)**



Two-fifths of Level 4+ apprentices earned £12.00 or more in 2018/19 (38%), with other smaller clusters within each band about £7.50 and upwards, corresponding with the NMW rate for those aged 25+.

## Pay increases

Around half (47%) of Level 4+ apprentices reported that their pay had increased during their apprenticeship, in line with the proportion among Level 2 and Level 3 apprentices in Wales (43%).

Amongst Level 4+ apprentices that had experienced a pay increase, a fifth (21%) reported that this was because they had completed the first year of their apprenticeship (equivalent to 10% of all Level 4+ apprentices). Very few Level 4+ apprentices reported that they had experienced a pay increase because they had turned 21 (<1% of all, 1% of those experiencing a pay increase), or 25 (2% of all, 5% of those experiencing a pay increase) or because of the introduction of the National Living Wage (3% of all, 7% of those experiencing a pay increase). This is perhaps unsurprising given the age profile of Level 4+ apprentices in Wales (89% 25 or older) when compared to Level 2/3 apprentices (54% 25 or older), meaning that fewer Level 4+ apprentices had the opportunity to experience a pay increase because of a change in age.

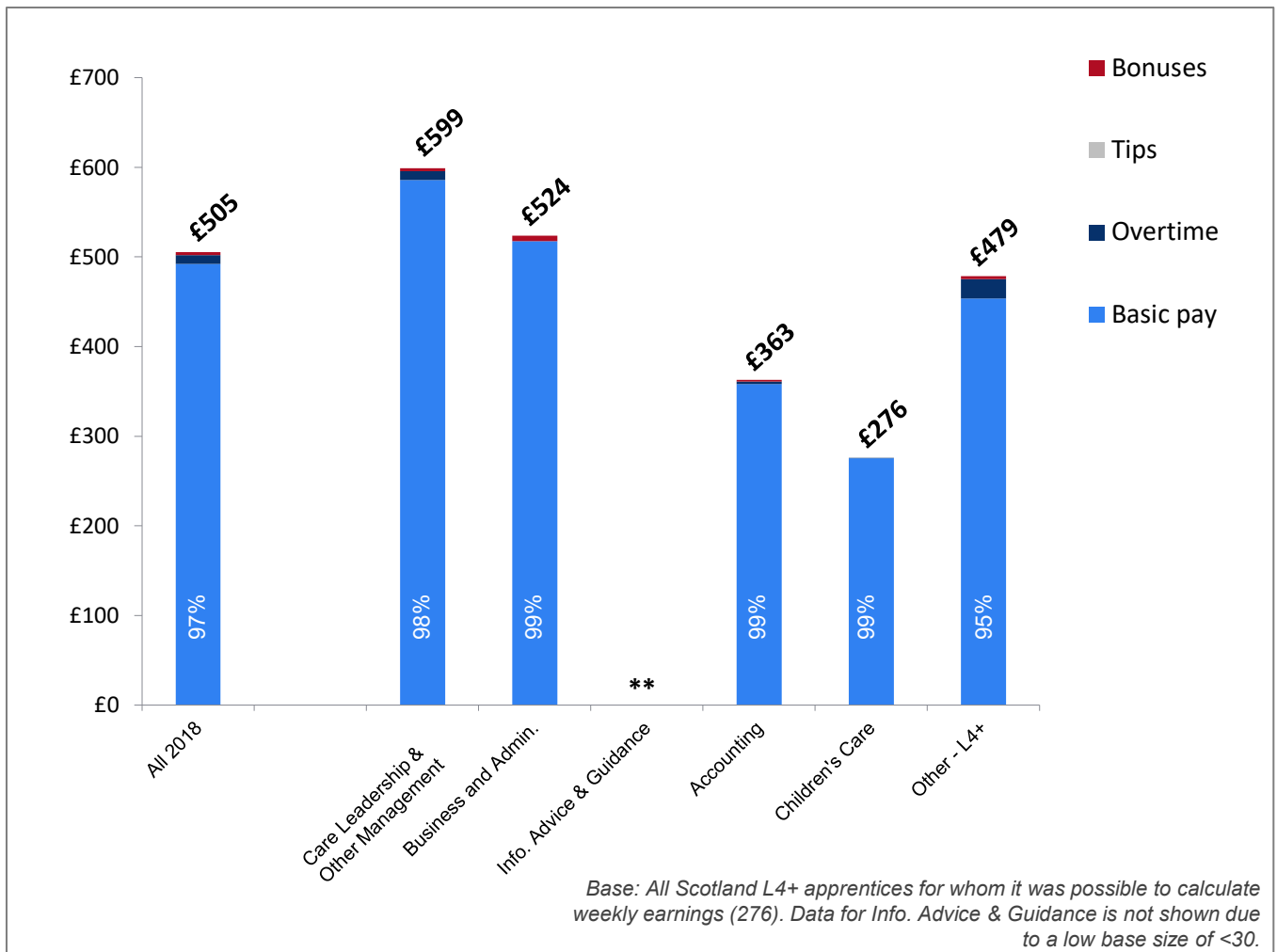
## Average total weekly earnings

The mean total weekly earnings for Level 4+ apprentices in Wales was £505 (median: £462). This total weekly earnings figure includes basic pay, pay from overtime, tips from customers and bonuses.

Figure 4.3 illustrates the composition of total weekly earnings by each individual component: basic pay, overtime, tips from customers and bonuses. As would be expected, basic pay constitutes the greatest proportion of total weekly earnings among Level 4+ apprentices in Wales (97%). The mean weekly earnings from basic pay – i.e. earnings excluding paid overtime, tips from customers and bonuses – across all Level 4+ apprentices in Wales was £492 (median: £454).

Overtime pay made up 2% of total weekly earnings and bonuses a further 1%. (Earnings from tips accounted for less than 0.1% of total weekly earnings for Level 4+ apprentices.)

**Figure 4.3 Mean total weekly earnings of Level 4+ apprentices in Wales split by basic pay, overtime, tips and bonuses, and the percentage of mean total weekly earnings made up by basic pay**



## Overtime

Around three-fifths (63%) of Level 4+ apprentices in Wales had worked overtime – either paid or unpaid – for their employer during their apprenticeship; similar to the proportion as Level 2 and Level 3 apprentices across Wales (61%).

**Around three-fifths (63%) of Level 4+ apprentices in Wales who had worked any overtime were paid for at least some of this overtime; lower than the proportion of Level 2 and 3 apprentices (82%).**

**Half (52%) of Level 4+ apprentices in Wales working overtime received time off or flexi leave in return for working overtime,<sup>19</sup> higher than the proportion of Level 2 and Level 3 apprentices working overtime (41%).**

<sup>19</sup> Apprentices were asked “Do you ever get given time off or flexi leave in return for working overtime?” but the questionnaire did not explore how much of apprentice’s unpaid overtime was taken as time off in lieu or as flexi leave.

## Tips, bonuses and accommodation

The receipt of tips was very low among Level 4+ apprentices in Wales (1%), as was the provision of free accommodation (1%). The receipt of bonuses was higher at 12%. It was less common for Level 4+ apprentices to receive tips or bonuses than it was for Level 2 or 3 apprentices (tips 8%; bonuses 18%).

Among those receiving bonuses, the median bonus (as a weekly figure) was £8, and the mean £25. Note these figures should be treated with caution due to the low base size (42).

## Compliance with the National Minimum Wage and National Living Wage

This section looks at the extent to which the pay of apprentices was compliant with the National Minimum Wage (NMW) or National Living Wage (NLW) rate for their age and year of apprenticeship. Details of how non-compliance is assessed are provided in chapter 2 of the report, in the section entitled 'Compliance / Non-compliance with the National Minimum Wage (NMW) and National Living Wage (NLW)'.

**Based only on those Level 4+ apprentices for whom compliance or non-compliance could be calculated given their survey responses, 94% were paid at or above the appropriate NMW or NLW, while 6% were paid below the appropriate rate. Non-compliance is therefore considerably lower than the proportion of Level 2 and Level 3 Wales apprentices paid below the appropriate rate (18%).**

Among Level 4+ apprentices, those aged 21-24 were less likely (79%) to receive compliant pay than those aged 16-21 or 25 and older (95%). Male apprentices (99%) were also more likely to receive compliant pay than female apprentices (92%). **Apprentices on Children's care and learning and development frameworks (71%) were considerably less likely to receive non-compliant pay than Level 4+ apprentices on other frameworks.<sup>20</sup>**

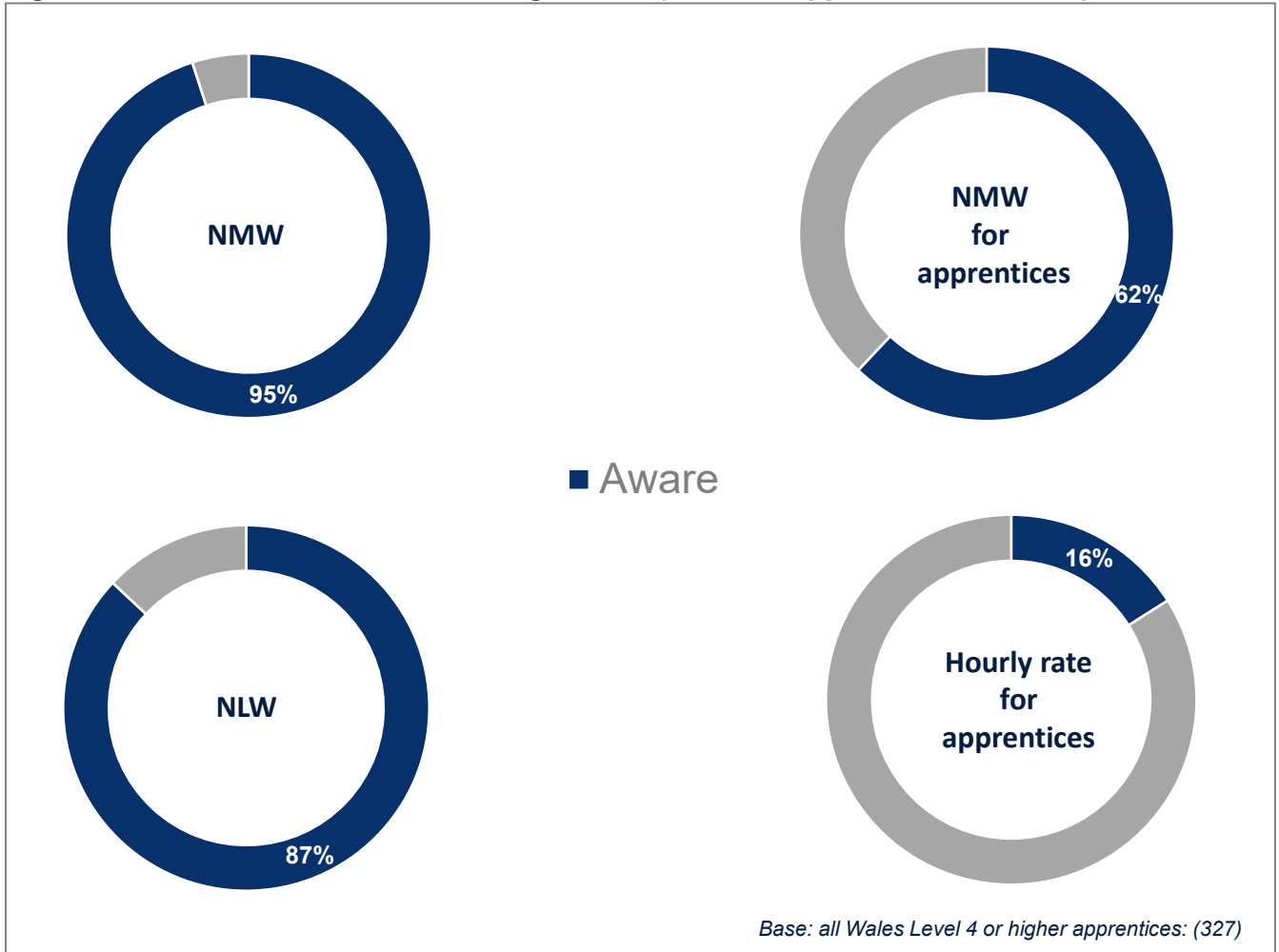
## Awareness of the National Minimum Wage and National Living Wage

The vast majority (95%) of Level 4+ apprentices had heard of the National Minimum Wage, in line with awareness among Level 2 and Level 3 apprentices in Wales (94%). However, awareness of the National Living Wage was higher among Level 4+ apprentices (87%) than among Level 2 and 3 apprentices (74%). This was, however, not the case with awareness of the NMW specifically for apprentices which was consistent when comparing Level 2 and Level 3 apprentices with Level 4+ apprentices (62% Level 4+, 64% Level 2 or 3), although Level 2 and Level 3 apprentices were more likely to state that they were aware what the hourly minimum rate for apprentices is (16% Level 4+ vs 21% for Level 2 or 3).

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<sup>20</sup> Please note the low base-size for this group of 45.

**Figure 4.4 Awareness of Minimum Wage Rates (Level 4+ apprentices in Wales)**





# Appendix A: Supplementary tables

**Table A1: Breakdown of total weekly earnings, by framework (Wales Level 2 and 3)**

	Base n	Total weekly earnings £	Basic Pay £	Overtime £	Tips £	Bonuses £
Management	170	533	515	11	1	6
Electrotechnical	100	370	351	19	*	1
Business	171	331	329	*	-	2
Hospitality & Catering	97	329	312	8	9	2
Customer Service	98	326	317	2	2	5
Health & Social Care	348	311	300	10	-	2
Engineering	240	310	297	8	*	5
Retail	93	295	283	7	-	4
Construction	191	264	259	4	*	1
Children's Care	141	231	231	1	-	*
Hairdressing	83	178	167	2	8	*
Other - L2/3	110	291	292	1	1	*
<b>Wales Total</b>	<b>1,842</b>	<b>319</b>	<b>310</b>	<b>7</b>	<b>1</b>	<b>3</b>

Base: All Level 2 and 3 apprentices in Wales for whom it was possible to calculate total weekly earnings

\*\* denotes a figure greater than zero but less than £0.50 and '-' denotes a figure of zero.

**Table A2 Pay elements included in each compliance calculation**

	<b>NMW (current method)</b>	<b>Unpaid overtime removed</b>	<b>Basic hourly pay rate</b>	<b>All earnings and all hours</b>
<b>Earnings</b>				
Basic pay	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
Accommodation costs (addition or deduction)	<b>Yes</b>	<b>Yes</b>		<b>Yes</b>
Overtime pay				<b>Yes</b>
Tips				<b>Yes</b>
Bonuses				<b>Yes</b>
<b>Hours</b>				
Hours worked at basic	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
Unpaid overtime hours	<b>Yes</b>			<b>Yes</b>
Paid overtime hours				<b>Yes</b>

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