



Department
for Education

Size and Industry of Businesses with Apprentices, 2013/14

Contents

Summary.....	4
Findings.....	5
Size of business	5
Figure 1: Businesses with an apprenticeship start by size of business, 2013/14	5
Figure 2: Apprenticeship starts by size of business, 2013/14	6
Figure 3: Average number of apprenticeship starts per business by size of business, 2013/14.....	6
Table 1: Proportion of VAT / PAYE registered businesses with an apprenticeship start by size-band of business, 2013/14.....	7
Industry	7
Figure 4: Apprenticeship starts by industry of business, 2013/14	8
Figure 5: Percentage of VAT / PAYE registered businesses with an apprenticeship start by industry, 2013/14.....	8
Geography	9
Figure 6: Proportion of VAT / PAYE registered businesses with an apprenticeship start by region and size-band of business, 2013/14.....	9
Background	10

Size and Industry of Businesses with Apprentices, 2013/14

This analysis provides an indicative view of the type of businesses which employ apprentices.

Historically, we have only been able to show the number of “workplaces” contracted who deliver an apprenticeship: by bringing together data on businesses from the Interdepartmental Business Register (IDBR), we can now show the size and sector of the enterprises delivering apprenticeships. This analysis is limited to the 75.7 per cent of apprentices we have been able to link to IDBR business, but does benefit from using IDBR-assigned size and sector information, which underpins all the key National Statistics published on enterprises, such as [UK Business](#) or the [Business Population Estimates](#).

Care should be taken when interpreting these data as there will be some biases within them, for example its lack of coverage of very small business (those self-employed businesses that have no employees and turnover below the VAT threshold). The businesses that are covered in this report are VAT/PAYE registered businesses only. For more information, please see the background section of this publication.

Despite the limitations of the source, this analysis does provide some useful indicative estimates that are increasingly needed to provide insight to the areas of the economy engaged in apprenticeships. We intended to update these estimates annually and expect to improve the methodology.

Summary

- Analysis reveals that 47 per cent of apprenticeship starts were in a small business, but 82 per cent of all businesses with an apprenticeship start were small.
- The percentage of businesses with an apprenticeship start increases with business size, from 4 per cent for small businesses, to 34 per cent for medium businesses and 62 per cent for large businesses.
- Each business with an apprenticeship start had, on average, 4 apprenticeship starts in 2013/14. The average number of apprenticeship starts in a business rises from 2 per cent in small businesses to 5 per cent in medium businesses and 27 per cent in large businesses.
- Businesses with an apprenticeship start in 2013/14 were concentrated in the Health and Social Work, Wholesale, Retail and Motor trade and Construction

sectors.

- A higher proportion of businesses in the Education and Health and Social Work sectors had at least one apprenticeship start (17 per cent and 14 per cent respectively) compared with an average of 5 per cent across all industries.
- Regionally, the percentage of businesses with an apprenticeship start follows a similar distribution to apprenticeship starts and does not seem to be influenced by business size. The percentage of businesses with an apprenticeship start was highest in the North for all business size bands.

Findings

This experimental analysis found that of the 240,900 workplaces with apprentices on the ILR in 2013/14, matches were found for 89,400 businesses on the IDBR.

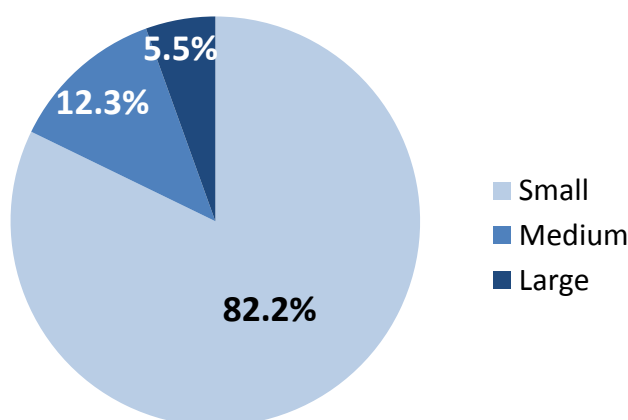
Secondly, of the 440,400 apprenticeships started in 2013/14 on the ILR, the analysis matched 356,900 (81 per cent) to a business on the IDBR.

The following information is based on those employers and apprentices that were successfully matched.

Size of business

Overall, 98.3% of VAT/PAYE registered businesses are small and 0.3% are large. Most businesses with an apprenticeship start were small. Of the 89,400 employers with an apprenticeship start, 82.2% were small businesses (0-49 employees), 12.3% were medium businesses (50-249 employees) and 5.5% were large businesses (250+ employees) (Figure 1).

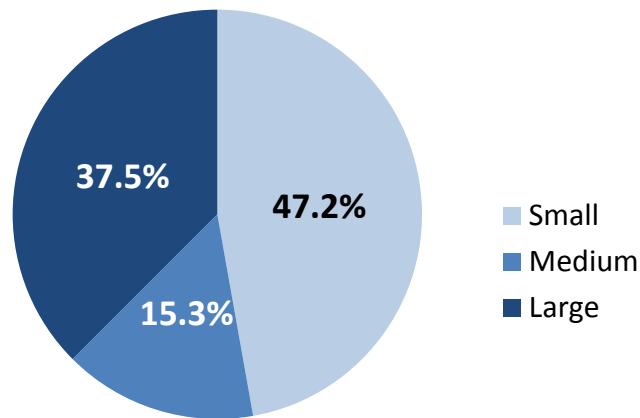
Figure 1: Businesses with an apprenticeship start by size of business, 2013/14



However, most apprenticeship starts were in medium or large businesses. Of the 356,900 matched apprenticeship starts, 47.2% were based in small businesses,

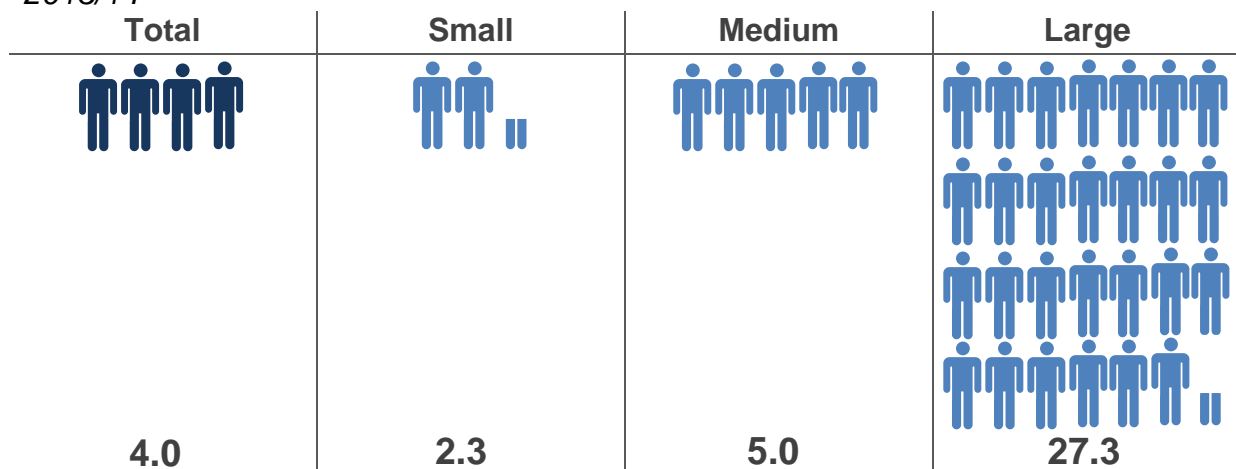
15.3% were in medium-sized businesses and 37.5% were in large businesses (Figure 2).

Figure 2: All Apprenticeship starts by size of business, 2013/14



Each matched employer with an apprenticeship start had, on average, 4 apprenticeship starts in 2013/14. Small businesses had, on average, 2.3 apprenticeship starts each, rising to 5.0 for medium-sized businesses and 27.3 for large businesses (Figure 3).

Figure 3: Average number of apprenticeship starts per business by size of business, 2013/14



In 2013/14, 4.6% of all VAT / PAYE registered businesses in England had an apprenticeship start. This proportion increases with the size of business; 3.8% of small businesses had an apprenticeship start compared to 33.7% of medium-sized businesses and 61.8% of large businesses (Table 1).

Table 1: Proportion of VAT / PAYE registered businesses with an apprenticeship start by size-band of business, 2013/14

Size-band of business	Proportion of businesses with an apprenticeship start
Small (0-49 employees)	3.8%
Medium (50-249 employees)	33.7%
Large (250+ employees)	61.8%
Total	4.6%

Industry

Employers with an apprenticeship start in 2013/14 were concentrated in the Health and Social Work, Wholesale, Retail and Motor trade and Construction sectors (Figure 4).

The proportion of businesses across each industry with an apprenticeship start varies between 1.1% of total businesses in Agriculture, Forestry and Fishing, to 16.8% of businesses in Human Health and Social Work Activities (Figure 5).

Figure 4: All apprenticeship starts by industry of business, 2013/14

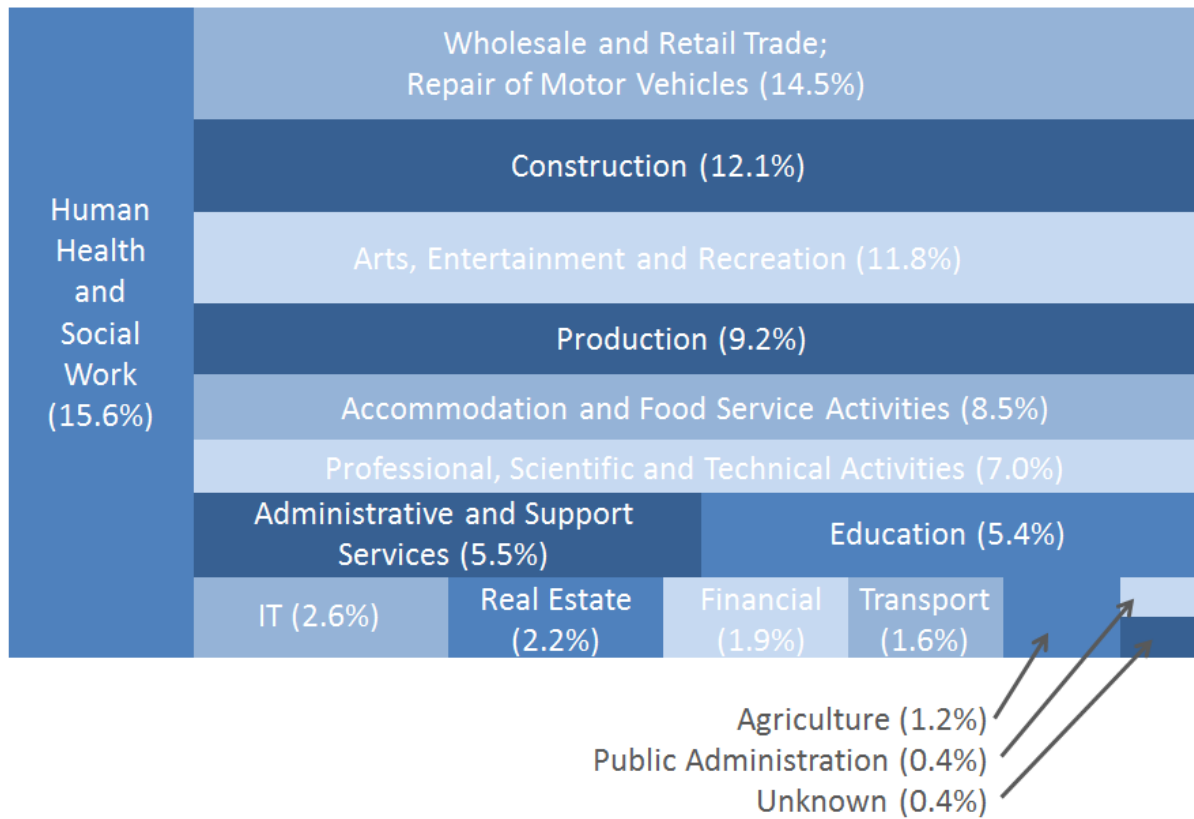
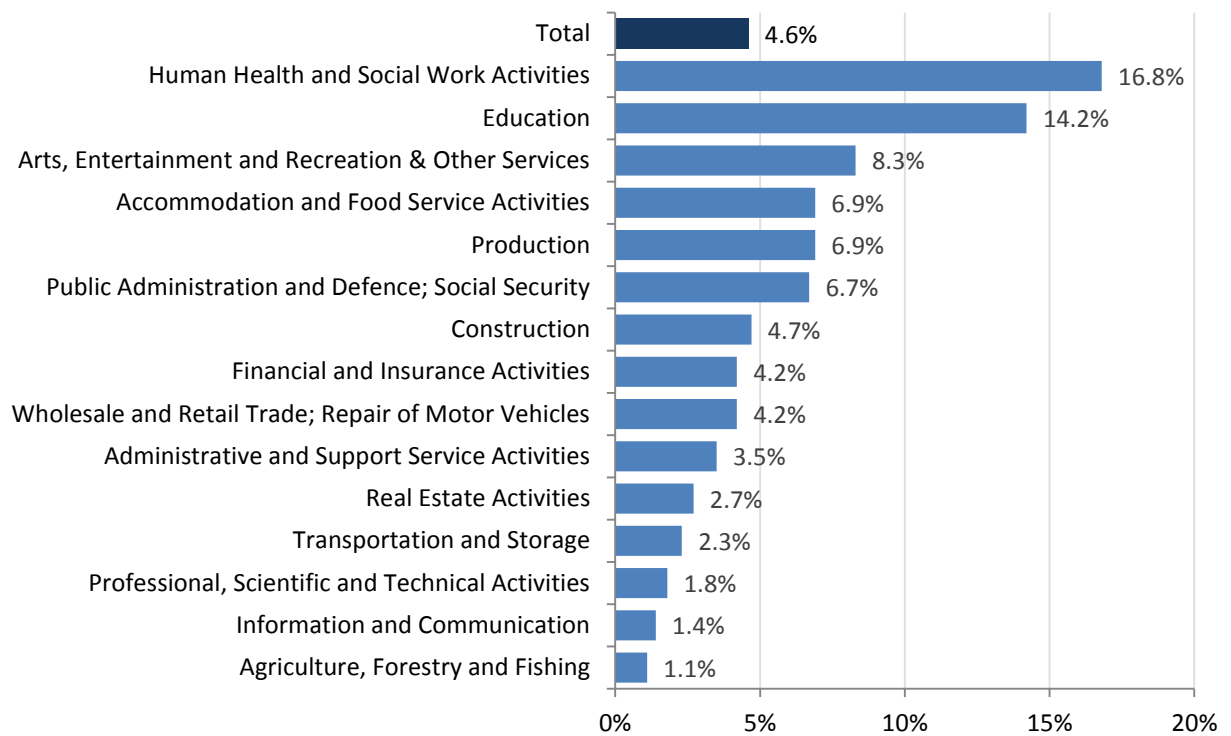


Figure 5: Percentage of VAT/PAYE registered businesses with an apprenticeship start by industry, 2013/14

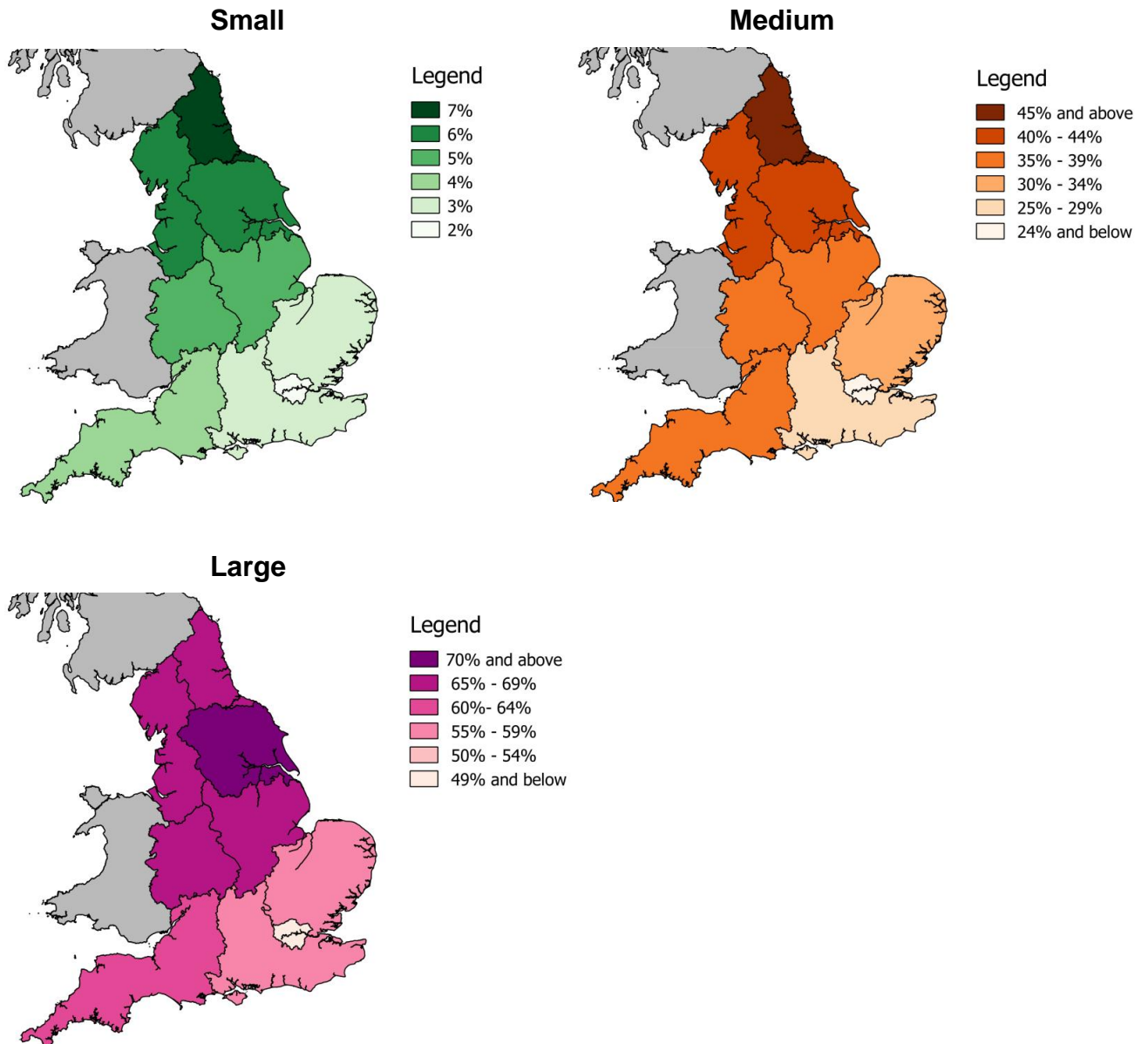


Geography

Regionally, the proportion of businesses with an apprenticeship start follows a similar distribution to apprenticeship starts and does not seem to be influenced by business size (Figure 6).

The proportion of businesses with an apprenticeship start was highest in the North, and lowest in London, for all business size bands.

Figure 6: Proportion of VAT / PAYE registered businesses with an apprenticeship start by region and size-band of business, 2013/14



Background

The Individual Learner Record (ILR) provides robust data on apprentices and the workplaces they are based in, including detailed information on course and personal characteristics. The ILR data is collected from publicly funded further education providers in England.

Due to the lack of data it has been impossible so far to accurately identify the size and sector of the actual businesses these apprentices are working for. The 'workplace' could be one of many local sites that make up a larger 'business', so knowing the size of the workplace does not necessarily give information about the nature of the business they are part of.

This analysis attempts to fill this evidence gap by combining data from the ONS Inter-departmental Business Register (IDBR) on business size and sector with apprenticeships data from the ILR. The IDBR is the comprehensive list of UK businesses that is used by Government for statistical purposes and provides the main sampling frame for surveys of businesses. It is organised in different datasets and information is updated each quarter. The enterprise unit is at the centre of IDBR classification and all other units (i.e. local unit) can be linked to the enterprise. Using this classification, it is possible to distinguish between a given local unit, an administrative unit or an observational unit.

The industrial classification (the activity) of businesses held on the IDBR is based upon the UK Standard Industrial Classification of Economic Activities 2007 (SIC 2007). The size of business and SIC code information throughout this report is based upon enterprise unit. The matching strategy was based on developing an approach to identify those entities engaging in publicly funded training within the IDBR at the enterprise level through matching on Company Registration Number, company /trading name and postcode, and fuzzy matching using entity characteristics.

A few points on the characteristics of publicly funded workplace training in the period considered should be taken into consideration when interpreting the data (as well as in the later analysis when considering the impact of training on industry and firm-level outcomes):

The Train to Gain initiative was phased out starting from the end of the 2010/11 academic year while funding for Apprenticeships was increased in the period;

Apprenticeship provision is demand-led and it is possible that lower productivity industries facing greater cost pressures and/or credit constraints may make a more intensive use of publicly funded training than undertake privately provided training. As noted by Ryan (2011)¹, there may be significant variation across industries in the

¹ "While some of the learning that is [...] supported by the Apprenticeships programme, such as craft training in engineering, combines part-time vocational education with work-based training, and thus satisfies the definition [of apprenticeship], much does not. This is because training standards vary greatly by occupation and sector, according to the decisions of individual Sector Skills Councils, and the 'frameworks' that those Councils have adopted for the **service occupations** (including those in business administration, retailing, customer service, and childcare), require little off-the-job learning and no formal education". Paul Ryan, (2011). "Apprenticeship: between theory and practice, school and workplace" Economics of Education Working Paper Series 0064, University of Zurich.

contents of Apprenticeship provision, meaning that publicly funded training may have significantly different quality standards.



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Any enquiries regarding this publication should be sent to:

Elizabeth Richards FE.Statistics@bis.gsi.gov.uk

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