

National Minimum Wage

Low Pay Commission - 2013 Report

Apprenticeship Ambassadors Network

The Apprenticeship Ambassadors Network (AAN) is a group of business leaders committed to Apprenticeships. Its membership is drawn from both private and public sector employers (several of which are in the FTSE100/250 category) who offer well recognised apprenticeship programmes. Members employ over 20,000 apprentices. It is likely that some of our members will be party to separate responses to this consultation. In addition one of your Commissioners, Frances O'Grady is one of our members.

We welcome the opportunity to contribute to this consultation and support strongly the government's aspirations to see apprenticeships as a well respected and recognised route for young people to acquire skills and develop careers. This submission is once again against a background of high levels of unemployment for young people <25, just under one in five being unemployed.

We have restricted our comments to the discussion on a minimum wage for apprentices. We make no comment on the wider National Minimum Wage (NMW).

There were two specific apprenticeship questions:

- 1. What has been the impact of the introduction of the apprenticeship rate of the National Minimum Wage, particularly on the provision, take up and completion of apprenticeship opportunities?*

As far as our members are concerned, probably very little. Most pay above the apprenticeship and development rates as apprentices are expected to make a productive contribution to the work of the organisation fairly early in the course of their training, and a reasonable salary is considered necessary in order to attract the best talent. This is particularly true in areas such as London and the South East with a high cost of living and more non apprenticeship opportunities.

That said, one or two of our members argued for the lowest possible apprenticeship rates in order to encourage more employers, especially SMEs, to take part. One member had reduced its apprenticeship salary to the minimum rate from circa £13,000 p.a. but still got over 30 applications per vacancy. The priority of many young people is to have a job or be in training or education rather than simply look for the highest wage. With the increase in tuition fees and associated student debt many employers are seeing young people who previously would have opted for higher education and who now are content with perhaps modest salary rates knowing that the return will come in higher rates when qualified. This trend is likely to increase with the development of Higher Apprenticeships.

2. At what level should the minimum wage for apprenticeships be set, from October 2013?

The general view was that the current regime seems to work well and there should be no change in the rate other than adjusting for the cost of living. With the raising of participation age thought will need to be given to the different rates paid to say an apprentice of 17 years of age and a similar aged employee receiving training (short of a full Apprenticeship). We remain of the view that in the longer term we would be supportive of a gradual migration of the apprentice minimum wage to be aligned with the youth development rates (18 to 21 year olds) and that for 16 and 17 year olds. This could be achieved over a period of say three years.

We would be pleased to elaborate on any of the above points if you considered it helpful.

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Apprenticeship Ambassadors Network
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