

## National Minimum Wage

### Low Pay Commission - 2014 Report

### Apprenticeship Ambassadors Network

---

The Apprenticeship Ambassadors Network (AAN) is a group of senior 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 and established apprenticeship programmes. Members employ over 40,000 apprentices. It is likely that some of our members will be party to separate responses to this consultation. In addition two organisations in membership of the Network are represented on your Commission (CBI and TUC).

We welcome the opportunity to contribute to this consultation and support strongly the government's aspiration to see apprenticeships as a well respected and recognised route for young people to acquire skills and develop careers. This submission is once again submitted against a background of sustained high levels of unemployment for young people <25.

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:

#### ***15. What has been the impact of the Apprentice Rate of the NMW?***

Our members do not detect any significant impact. Most pay above the apprenticeship and development rates. Their 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 the availability of more non apprenticeship opportunities. In fact, some members highlighted regional variations in pay with regard to London as desirable, albeit aware that legislation does not allow for this.

That said, some of our members argued for the lowest possible apprenticeship rates in order not to discourage more employers, especially SMEs, participating in the Apprenticeship programme. We would contend that 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 variable 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 although raising the participation age was felt not to have had any impact.

**16. At what level should each of the rates of minimum wage be set in October 2014 i.e. for adults, 16-17 year olds, 18-20 year olds, apprentices, and the accommodation offset?**

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. We remain of the view that in the medium 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.

On a related point we would support greater effort being devoted to publicising the minimum rates particularly to SMEs and further to ensure more proactive action is taken to deter employers from paying rates below the statutory minima.

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

Rod Kenyon  
September 2013