

Consultation on the National Minimum Wage

In this response to the consultation on the national minimum wage ALP will confine its comments to the section on the arrangements for a national minimum wage for Apprentices.

ALP believes that existing exemptions for Apprentices from the national minimum wage were appropriate and should have been retained. The original rationale for introducing these exemptions quite rightly recognised the Government's desire that young people in work, especially 16 and 17 year olds, should receive education and training, and that high quality training through Apprenticeships should therefore be encouraged and supported. Low Pay Commission research had shown that for the first phases wages for Apprentices tends to be low, reflecting the extent to which the Apprentices are in training rather than productive work and these exemptions allow the costs incurred by providing the training to be offset by the employer and the state. The Low Pay Commission's recent report points out that in return for lower pay initially there are considerable longer term gains for the individual Apprentices in the form of higher earnings and increased employment prospects. It also states that, "the overwhelming majority of Apprentices earn more than £80 per week", ie the amount currently expected should be paid to Apprentices in England – this without Apprenticeships being covered by the national minimum wage regulations.

The Low Pay Commission however has proposed the introduction of a minimum wage for Apprentices under the national minimum wage framework and appears to be suggesting that this should be at a discount to the national minimum wage. Setting a minimum wage for Apprenticeship below that of other employees might encourage some employers looking to increase their workforce to take on Apprentices rather than offer jobs without training to this cohort of young people, which obviously is desirable, especially given the Government's stated desire to increase the number of young people undertaking Apprenticeships.

If introduced the national minimum wage for Apprenticeships should be applied on a weekly basis, not be varied by age, but by the level of competence reached. This should be annually reviewed and, as now, become the full national minimum wage for Apprentices that are aged 19 after the first 12 months of their training.

As pointed out above, in many sectors Apprentices are already paid more than the minimum wage, reflecting the reality of the conditions prevalent in those parts of the economy, however the imposition of any national minimum wage for Apprenticeships will undoubtedly act as a deterrent to some employers operating in lower paid sectors, and could lead to a significant reduction in the number of places made available at a time when there is already evidence of oversupply of potential Apprentices relative to the vacancies available. This labour market reality also strengthens the case for setting a minimum wage for Apprenticeships below that of other employees.

Another issue which does not appear to have been properly addressed in the consultation is how Programme Led Apprenticeships, which are covered by the current exemptions, would fit into a system which included a national minimum wage for Apprenticeships. How would their wages be paid/funded? Or would they remain excluded in some way?

Finally, we feel the question in the consultation on how should “time spent training (either ‘on-the-job’ or ‘off-the-job’) rather than working be treated” demonstrates a fundamental misunderstanding of work based learning. We maintain that Apprenticeships are a full time learning route and as such all time spent in the workplace ‘working’ is as much a part of the training as any time spent undertaking either specific ‘on-the-job training’ or ‘off-the-job’ activities – this is how Apprentices become fully competent in their chosen occupations.

Summary

ALP believes that the current exemptions should remain and that no national minimum wage should be brought in for Apprenticeships. However, if the decision has been made to introduce a minimum wage for Apprentices we believe that this should be slightly below the rates for other employees in the relevant age groups to encourage employers to offer Apprenticeship vacancies rather than (higher paid) jobs without such formal training opportunities. There should be no differentiation between training and working time within Apprenticeships and both elements should be treated the same, as for Apprentices both are equally ‘learning’ time.

Judy Brandon
National Policy Manager
Association of Learning Providers
E: jbrandon@learningproviders.org
M: 07891 980950