



Department for
Business, Energy
& Industrial Strategy

Apprenticeship Pay Survey 2018/19 - Scotland

BEIS Research Paper Number 2020/001

January 2020



OGL

© Crown copyright 2020

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

Any enquiries regarding this publication should be sent to us at: enquiries@beis.gov.uk

Contents

1. About this report	5
Background	5
Research objectives	6
Methodology	6
Comparisons with previous Apprenticeship Pay Surveys	6
Key variables used in this report	7
Basic gross hourly pay	7
Gross hourly pay for calculating NMW / NLW compliance	7
Compliance / Non-compliance with NMW / NLW	7
Total weekly earnings	9
About this report	9
Report interpretation	9
2. Executive summary	11
Basic hourly pay	11
Non-compliance with NMW / NLW	13
Total weekly earnings	15
3. Pay levels of Level 2 and Level 3 apprentices in Scotland	16
Routes into apprenticeships	16
Working arrangements and number of hours contracted to work	18
Contractual and employment arrangements	18
Contracted hours versus the number of hours worked / trained	20
Provision of formal training	24
Rates of pay	26
Pay arrangements	26
Basic hourly pay levels	28
Pay increases	31
Pay with respect to the number of hours contracted to work	33
Premium and overtime rates	33
Total weekly earnings	34
Average total weekly earnings	34
Earnings from basic pay	35
Overtime	36
Earnings from overtime	37
Unpaid overtime	38

Time off in lieu or flexi leave _____	39
Tips from customers _____	39
Bonuses _____	40
Accommodation _____	41
Compliance with the National Minimum Wage and National Living Wage _____	42
Apprentices paid less than the National Minimum Wage or National Living Wage _____	48
Distance from the National Minimum Wage / National Living Wage _____	48
Impact of underlying pay elements on compliance _____	52
Awareness of the Apprentice Rate of National Minimum Wage _____	56
4. Pay levels of Level 4 or Higher apprentices _____	58
Provision of formal training _____	59
Pay arrangements _____	59
Basic hourly pay levels _____	60
Pay increases _____	61
Average total weekly earnings _____	61
Overtime _____	62
Tips, bonuses and accommodation _____	63
Compliance with the National Minimum Wage and National Living Wage _____	63
Awareness of the National Minimum Wage and National Living Wage _____	63
Appendix A: Supplementary tables _____	65

1. About this report

Background

Apprenticeships are a structured programme of training, consisting of paid employment and learning, which 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. In Scotland, apprenticeships are administered by Skills Development Scotland (SDS).

The National Minimum Wage (NMW) is the minimum pay per hour almost all workers in the UK are entitled to by law.¹ 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 aged 16 to 18 and those aged 19 or over who 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 (those that applied at the time of the survey), alongside the recent rates set in April 2019.

Table 1-1 National Minimum Wage Rates (hourly)

Year	Apprentice*	Under 18	18-20	21-24	NLW (25 and over)
April 2018**	£3.70	£4.20	£5.90	£7.38	£7.83
April 2019	£3.90	£4.35	£6.15	£7.70	£8.21

* Aged 16-18 or in first year of apprenticeship

** the rate in effect at time of survey fieldwork)

The Apprenticeship Pay Survey (APS) is an important component in monitoring apprenticeship policy and compliance with the apprentice NMW. Critically, 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 2014.²

¹ 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 www.gov.uk/national-minimum-wage/who-gets-the-minimum-wage.

² www.gov.uk/government/publications/apprenticeship-pay-survey-2014
www.gov.uk/government/publications/apprenticeship-pay-survey-2016

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 is to provide an accurate and up-to-date picture of apprentice pay in England, Scotland and Wales. Specifically, it investigates:

- 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 survey in Scotland, covered in this report, comprised **2,301** telephone interviews with apprentices, conducted from 27 November 2018 to 10 March 2019; of these **2,037** interviews were conducted with Level 2 and Level 3 apprentices, and **264** with 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

Within this report we make comparisons with the 2016 and 2014 Apprenticeship Pay survey. Table 1-2 shows the number of interviews completed during each iteration of the survey, including breakdowns for interviews conducted with Scottish apprentices and level within Scottish apprentices. Fieldwork was conducted from 9 June 2016 to 25 July 2016 for the 2016 iteration and from 22 July 2014 to 14 September 2014 for the 2014 iteration.

Table 1-2 Number of interviews conducted for the 2014, 2016 and 2018/19 Apprenticeship Pay Surveys

	APS 2014	APS 2016	APS 2018/19
Scotland	2,011	1,734	2,301
Scotland Level 2/3	2,011	1,552	2,037
Scotland Level 4+	N/A	182	264
GB Total	9,367	9,422	9,582

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 (see Chapter 3, Total weekly earnings), 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.

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 Figure 3.12,

Figure 3.13 and Figure 3.14, which show pay levels of those paid below the NMW / NLW.

Compliance / Non-compliance with NMW / NLW

Where apprentices provide info that indicates that they are not being paid the NMW / NLW, they 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. 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 2,121 respondents in Scotland (92% of all respondents, significantly lower than the 96% of all respondents in Scotland in 2016).

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.

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.³

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 with calculated pay, 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 pay slip to hand when answering, overall this applied in two-fifths (41%) of cases in Scotland; where a pay slip 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. For example, a first year apprentice working 40 hours per week at £3.70 per hour will earn £148.00

³ The Apprenticeship Pay Survey does not differentiate between overtime that may be considered to be "voluntary" or "involuntary".

per week, but they may report this as 40 hours per week for £140. This produces a derived hourly pay rate of £3.50, which is non-compliant by 5%.

Based on self-reported hourly pay figures only (that is, where the apprentice stated that they knew their hourly pay),⁴ the level of non-compliance was significantly lower, 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.⁵

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 Scotland covering those undertaking Level 2 or Level 3 apprenticeships
- Chapter 4 examines results for individuals undertaking Level 4, 5 or Level 4+ apprenticeships

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.

⁴ 69% of apprentices stated that they knew their gross hourly pay.

⁵ For more information, please see the government's National Minimum Wage Enforcement and Compliance report: www.gov.uk/government/publications/national-living-wage-and-national-minimum-wage-government-evidence-on-compliance-and-enforcement-2018

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 Scotland the median basic pay was £7.67 an hour (mean £8.22). Both were higher than in 2016 (median: £6.66, mean: £7.04). 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, median basic hourly pay was higher, at £11.50 (mean £12.40).

Table 2-1 Mean and Median basic hourly pay for apprentices in 2016 and 2018/19

	2016 Base:	2016 Mean	2016 Median	2018/19 Base:	2018/19 Mean	2018/19 Median
Level 2 / 3	1,411	£7.04	£6.66	1,806	£8.22	£7.67
Level 2	315	£6.51	£5.86	378	£7.79	£7.46
Level 3	1,096	£7.20	£6.81	1,428	£8.33	£7.73
Level 4+	N/A	N/A	N/A	205	£12.40	£11.50

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 illustrated in Table 2-2. As in previous years, the basic hourly pay figure for Level 2 and Level 3 apprentices in Scotland was lowest in the Hairdressing framework (£4.00 median).

Table 2-2 Median basic hourly pay for Level 2 and Level 3 Scotland apprentices in 2016 and 2018/19

	2016 Base:	2016 Median	2018/19 Base:	2018/19 Median
Retail	77	£7.16	142	£8.80
Construction and related	348	£6.68	431	£8.00
Business and related	116	£6.90	159	£7.50
Hospitality and Catering	84	£6.58	96	£7.48
Engineering and Manufacturing Technologies	388	£6.79	513	£7.32
Health, Social Care and Sport	154	£5.37	185	£6.61
Hairdressing	81	£4.08	141	£4.00
Other - L2/L3 ⁶	80	£6.93	139	£9.00

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 increases with age but not by year of apprenticeship, while there was also a difference by gender, with male apprentices receiving a median of £0.53 extra per hour (mean of £1.03 per hour), relatively modest increases at an hourly level but which of course result in relatively large salary increases when considered on a weekly or monthly basis.

⁶ Other – L2/L3 includes Agriculture, Aquaculture, Career Development, Creative, Creative and Digital Media, Digital Applications, Digital Marketing, Equine, Fashion & Textile Heritage, Game & Wildlife Management, Horticulture, Information Security, IT and Telecommunications, Life Sciences, Maritime Occupations, Paralegal Practice, Print Industry Occupations, Rural Skills, Signmaking, Skills for Craft Businesses, Sustainable Resource Management and Trees and Timber frameworks.

Table 2-3 Mean and Median hourly pay for level 2 and level 3 Scotland apprentices

	2016 Base:	2016 Mean	2016 Median	2018/19 Base:	2018/19 Mean	2018/19 Median
Total	1,411	£7.04	£6.66	1,806	£8.22	£7.67
Year of apprenticeship:						
First year of apprenticeship	796	£6.55	£6.05	566	£8.50	£7.83
Second or later year of apprenticeship	615	£7.67	£7.27	1,200	£8.06	£7.51
Age:						
16-18	383	£5.18	£4.69	298	£5.90	£5.40
19-20	470	£6.45	£6.11	679	£7.19	£6.88
21-24	346	£7.89	£7.61	470	£8.62	£8.02
25+	212	£9.30	£8.46	359	£10.74	£9.83
Gender:						
Male	978	£7.23	£6.76	1,259	£8.49	£7.83
Female	433	£6.56	£6.28	547	£7.46	£7.30

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

Looking only at Level 2 and 3 apprentices in Scotland for whom compliance can be assessed, 18% were paid below the appropriate NMW or NLW, an increase from 14% 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); 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 to £5.90, 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. This 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 Scotland with compliant and non-compliant pay, grouped by age and year of apprenticeship. Although non-compliance at an overall level has increased since 2016, when stratifying by age and year of apprenticeship, there have been no significant increases.

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	934	%	91	9	804	92	8
Age 19-20 and in second year or later of apprenticeship	258	%	78	22	520	74	26
Age 21-24 and in second year or later of apprenticeship	205	%	75	25	363	74	26
Age 25+ and in second year or later of apprenticeship	87	%	80	20	127	79	21
Total	1,487	%	86	14	1,880	82	18

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

Levels of non-compliance among Level 2 and Level 3 apprentices was highest in Hairdressing frameworks (51%) and lowest in Retail frameworks (8%).

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 (11%), compared with apprentices aged 16 to 24 (20%).

Those nearer the beginning of their apprenticeship were less likely to receive non-compliant pay: 7% of those who had been on their course a year or less were paid less than the appropriate minimum rate, compared with 22% 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 (15%). 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 (26%) than in their second year or later (11%), although the reverse relationship was true for those aged 19-20 (first year 8% vs. second year or later 26%), 21-24 (first year 2% vs second year or later (26%) or aged 25 or older (first year 0% vs. second year or later 21%).

Overall, the level of non-compliance has increased since 2016 but so too has the proportion of apprentices 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.

Compliance among Level 4+ apprentices (95%) was higher than among Level 2 and 3 apprentices (82%), with just one in twenty (5%) 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. Non-compliance with unpaid overtime removed falls to 8% of Level 2 and 3 apprentices (compared to 18% overall), which was consistent with utilising a basic hourly pay rate and 9% when considering all earnings and all hours.

Total weekly earnings

The mean total weekly earnings for Level 2 and 3 apprentices in Scotland was £328 (median: £308). This is an increase from 2016 when mean total weekly earnings was £290 (median: £272). Overall 96% of their total weekly pay came from ‘basic’ pay and 3% from overtime (with the remainder coming from tips and bonuses), in line with 2016.

As with hourly earnings, total weekly earnings varied widely by framework, with the mean total weekly pay highest among Level 2 and Level 3 apprentices on the Retail framework (£364) and lowest (at £185) in the Hairdressing framework.

The mean total weekly earnings for Level 4 and 5 apprentices in Scotland for whom a calculation of weekly earnings could be made was £546 (median £483).

3. Pay levels of Level 2 and Level 3 apprentices in Scotland

Routes into apprenticeships

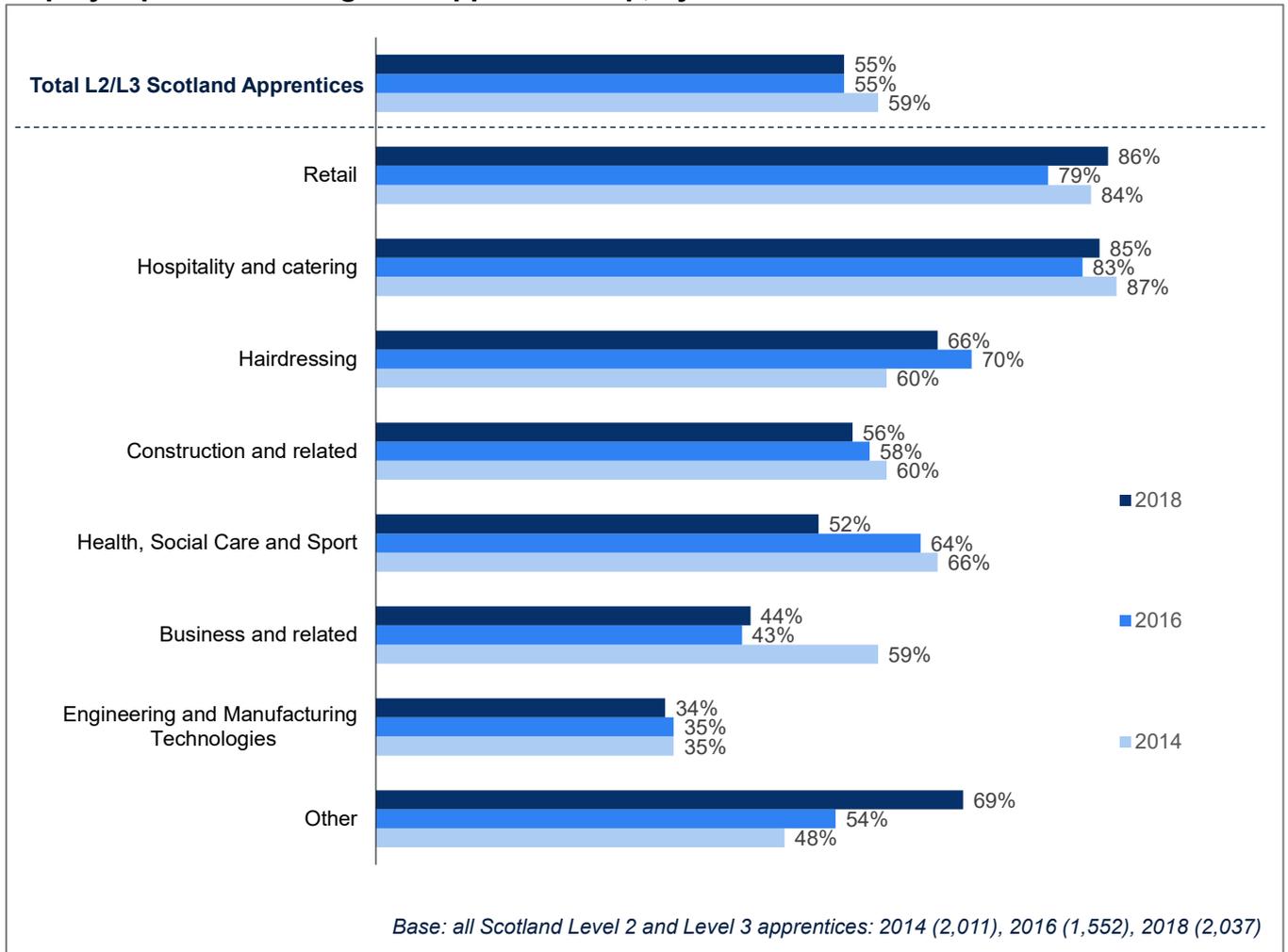
Just over half of Level 2 and 3 apprentices (55%) had already been working for their employer when they started their apprenticeship. This is consistent with the level found in 2016 (55%).

There were noticeable differences across frameworks in terms of whether apprentices were working for their employer prior to beginning their training (see Figure 3.1). As in 2014 and 2016, the frameworks with the highest proportions of those already working for their employer were Retail (86%) and Hospitality and Catering (85%).

There were some changes by framework since 2016: Health, Social Care and Sport apprentices were less likely to have already been working for their employer in 2018/19 (52%) than in 2016 (64%).

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. Around two in five 16-18 year olds (44%) and 19-20 year olds (41%) worked for their employer before starting their apprenticeship. This increased to nearly three-fifths (56%) of 21-24 year olds and four-fifths of those aged 25 or older (79%). In line with 2016 and 2014 results, female apprentices were also more likely to have already been working for their employer (60%, compared with 53% of men).

Figure 3.1 Proportion of Level 2 and Level 3 apprentices in Scotland working for their employer prior to starting their apprenticeship, by framework



Working arrangements and number of hours contracted to work

Contractual and employment arrangements

The vast majority (90%) of Level 2 and Level 3 apprentices in Scotland reported that they had a written contract with their employer (6% had no written contract, and 3% were unsure). These results are all in line with 2014 and 2016.

In most cases written contracts covered the full year (87% of all Level 2 and Level 3 apprentices).

Seven in ten apprentices (70%) had a permanent job with their employer with no fixed end date, in line with 2014 (71%) and 2016 (67%).

Employment arrangements and contractual statuses varied by framework and age, as shown in Table 3-1. As in 2014 and 2016, written contracts were least common for apprentices in Hairdressing (69%).

In 2016, Hairdressing apprentices were also least likely to be employed on a permanent basis (59%), however in 2018/19 this proportion has increased to 70% and apprentices on Health, Social Care and Sport (59%) and Engineering and Manufacturing Technologies (65%) were the least likely to be employed on a permanent basis.

Likelihood to have a written contract increased with age, from 86% of those aged 16 to 18 to 95% of those aged 25 and over. Similarly, younger apprentices were less likely to be employed on a permanent basis: 58% of those aged 16 to 18 had permanent employment, rising to 88% 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 Scotland Level 2 and Level 3 apprentices

<i>Row percentages</i>	<i>Base</i>	Written contract			Employment arrangement (asked of all apprentices)			
		Yes	No	Permanent	Training period only	Fixed end after completion	Previously employed with their employer	
Framework								
Business and related	180	%	95	3	67	19	14	44
Retail	165	%	94	5	95	2	1	86
Health, Social Care and Sport	213	%	93	5	59	30	7	52
Engineering & Manufacturing Technologies	557	%	93	6	65	22	9	34
Construction and related	490	%	89	7	70	20	6	56
Hospitality and Catering	109	%	87	11	82	6	5	85
Hairdressing	160	%	69	22	70	16	5	66
Other	163	%	93	4	74	18	5	69
Age								
16-18	330	%	86	10	58	27	9	44
19-20	754	%	88	8	62	25	9	41
21-24	532	%	91	6	72	17	7	56
25+	421	%	95	3	88	8	3	79
Total	2,037	%	90	6	70	19	7	55

Base: All Scotland Level 2 and Level 3 apprentices (2,037)

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

Contracted hours versus the number of hours worked / trained

The vast majority (89%) of Level 2 and Level 3 apprentices in Scotland 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 (51% of all Level 2 and Level 3 apprentices) or 40 to 44 hours a week (26%).

Apprentices had a median of 38.0 contracted hours a week (mean of 37.6) very close to the 2016 figures (38.0 and 37.1 hours respectively).

Apprenticeship funding rules state that apprentices must be employed for at least 30 hours a week, or, in exceptional circumstances (for example due to personal situations), apprentices may work part-time for between 16 and 29 hours a week. Despite this, 1% of apprentices in 2018/19 reported contracted hours of between one and 15 hours a week (consistent with 2016). This was much more common among apprentices working in Retail (6%) and Hospitality and Catering (4%).

Average contracted hours (median: 38.0, mean: 37.6) were lower than the average actual hours worked or trained (median 40.0, mean: 41.2). Overtime hours and pay are covered later in this chapter.

Just over one in ten (12%) of Level 2 or 3 apprentices in Scotland 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 (14%, compared with 8% of women);
- Older apprentices (19% of those aged 25 and over, compared with 9% of those aged 19 to 20 and 12% of those aged 16-18); and
- Those on the Business and related frameworks were less likely (3%) than other apprentices.

Figure 3.2 Number of hours contracted to work versus number of actual hours working and training

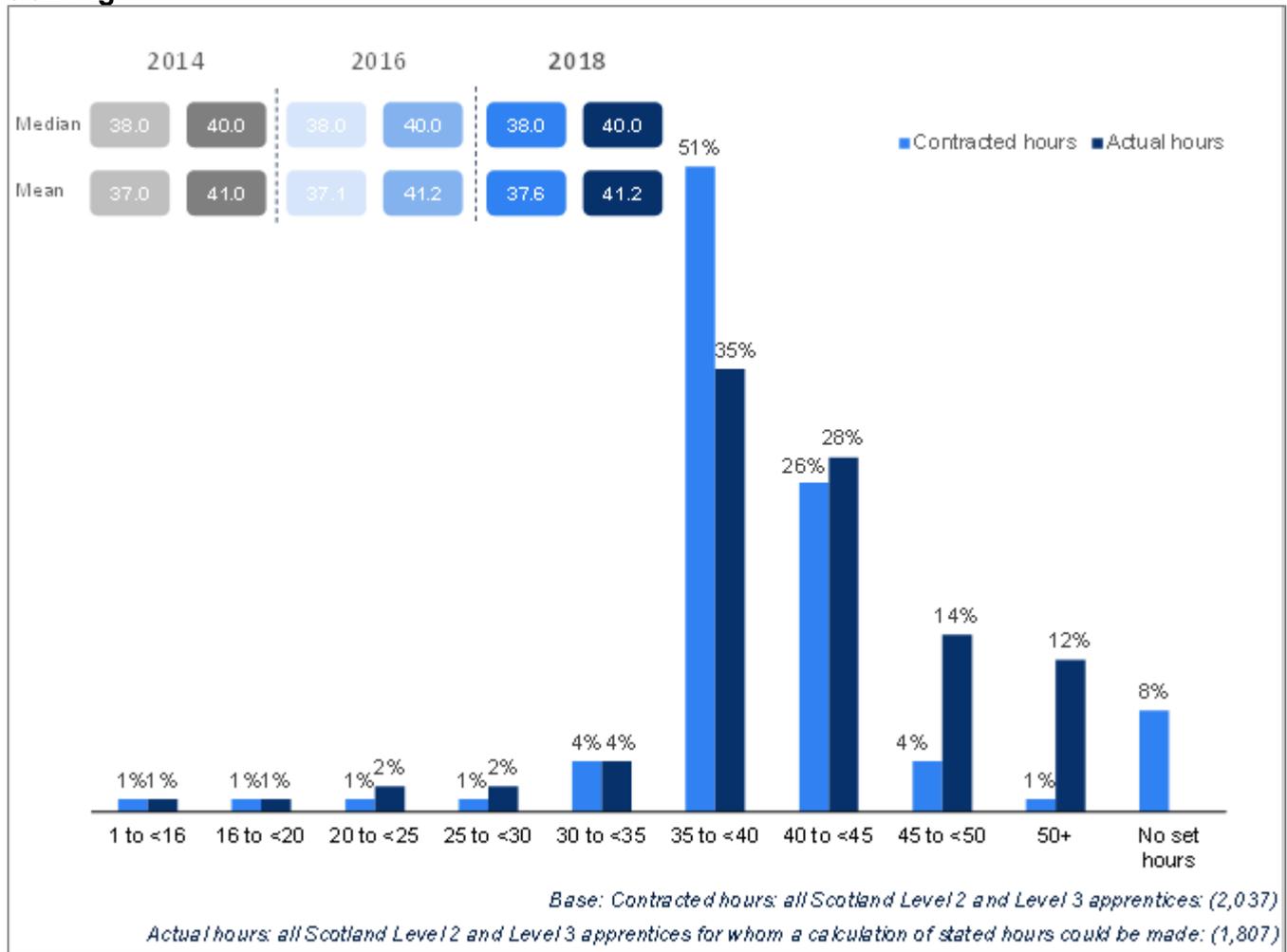


Table 3-2 shows actual hours worked against the hours apprentices were contracted to work. In addition, the final column shows the percentage of apprentices who worked or trained more hours than contracted. Overall, more than half of all Level 2 or 3 apprentices in Scotland (55%) with set contracted hours worked or trained a higher number of hours than they were contracted for. This level was higher among those with lower contracted hours: 85% of those contracted for less than 20 hours a week and seven tenths (69%) of those contracted for between 20 and 29 hours a week worked or trained longer actual hours than specified in their contracts.

Table 3-2 Number of hours contracted to work versus number of actual hours working and training (Scotland Level 2 and Level 3)

Row percentages			Actual hours worked					% working longer actual hours than contracted ⁷	
Contracted hours	Base		1-19	20-29	30-39	40-49	50+	2016	2018/19
1-19	40	%	40	49	8	2	0	87	85
20-29	49	%	3	45	33	15	4	72	69
30-39	976	%	1	2	57	32	8	54	55
40-49	540	%	2	0	12	67	20	55	56
Total set hours (if work set number of hours)	1,619	%	2	4	40	42	12	56	55
No set hours	143	%	5	8	31	44	13	NA	NA
Total	1,807	%	2	4	38	44	12	50	51

Base: Scotland 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 median and mean 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 of 2.0 hours (or a mean of 3.6 hours) over their contracted hours.

Apprentices studying Health, Social Care and Sport frameworks on average worked the greatest number of extra hours when compared to the number that they were contracted to work (median 3.0, mean 4.9). Contrastingly, apprentices studying Hairdressing frameworks worked the fewest additional hours compared to their contracts when (median 1.0, mean 1.9).

⁷ 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 (Scotland Level 2 and Level 3 apprentices)

	<i>Contracted hours base</i>	<i>Actual hours base</i>	Mean hours			Median hours		
			Contracted	Actual	Extent to which actual hours exceed contracted hours	Contracted	Actual	Extent to which actual hours exceed contracted hours
Business and related	180	159	36.1	38.2	2.1	35.0	37.5	2.5
Retail	165	142	35.0	38.5	3.5	39.0	40.0	1.0
Health, Social Care and Sport	213	185	35.0	39.9	4.9	36.0	39.0	3.0
Engineering & Manufacturing Technologies	557	512	39.0	43.0	4.0	39.0	41.5	2.5
Construction and related	490	432	38.9	42.5	3.6	39.0	40.0	1.0
Hospitality and Catering	109	96	33.9	38.2	4.3	37.5	40.0	2.5
Hairdressing	160	142	37.5	39.4	1.9	39.0	40.0	1.0
Other	163	139	36.7	39.6	2.9	37.5	38.5	1.0
Total	2,037	1,807	37.6	41.2	3.6	38.0	40.0	2.0

Base for contracted hours: All Scotland Level 2 and Level 3 apprentices with a specified number of contracted hours. Base for actual hours: all Scotland 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,⁸ as well as being easy for apprentices to conceptualise during the telephone interview.

In line with the survey in 2016, just over two-fifths (44%) of Level 2 and Level 3 apprentices in Scotland stated that they received on average at least one day per week of formal training.

Receiving at least a day of formal training per week was more common among men (46%) than women (38%), which was also the case in 2016 (52% men, 32% women) although the gender gap has reduced since 2016.

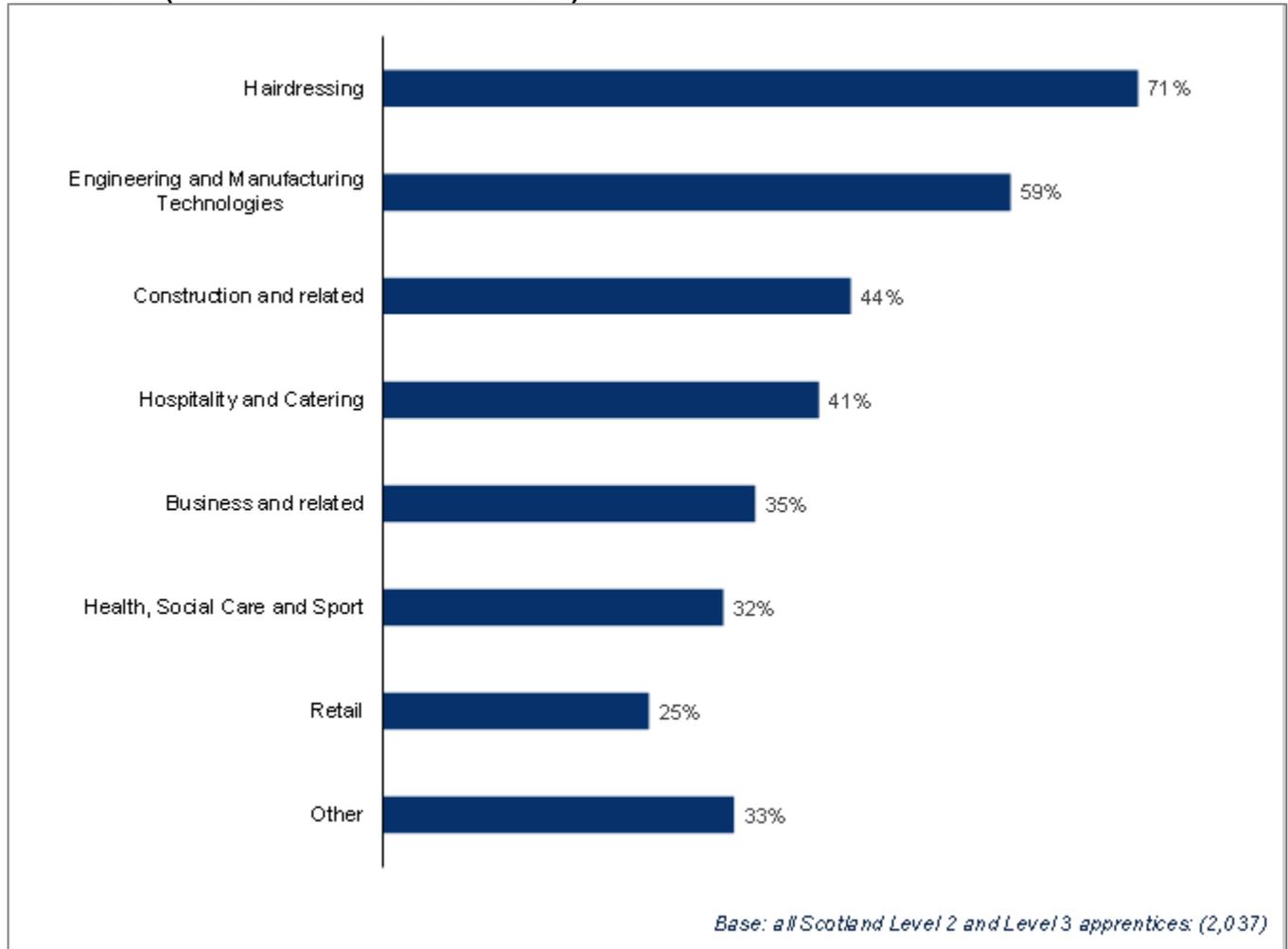
Younger apprentices were also notably more likely to receive at least one day of formal training per week: 54% of 16 to 18 year olds did so, falling to 32% of those aged 25 and older.

Those further along in their apprenticeship were more likely to receive at least a day of formal training per week, with half (50%) of those on the apprenticeship for more than a year stating that this applied, compared with three in ten (30%) 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 Hairdressing (71%) and Engineering and Manufacturing Technologies (59%), while it was least common among apprentices on the Retail framework (25%).

⁸ The Specification of Apprenticeship Standards for England (SASE) states that an intermediate and advanced level apprenticeship must contain a minimum of 280 Guided Learning Hours (GLH), of which at least 100 GLH or 30% (whichever is greater) must be delivered off-the-job (Specification of Apprenticeship Standards for England (SASE). BIS, September 2015)

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

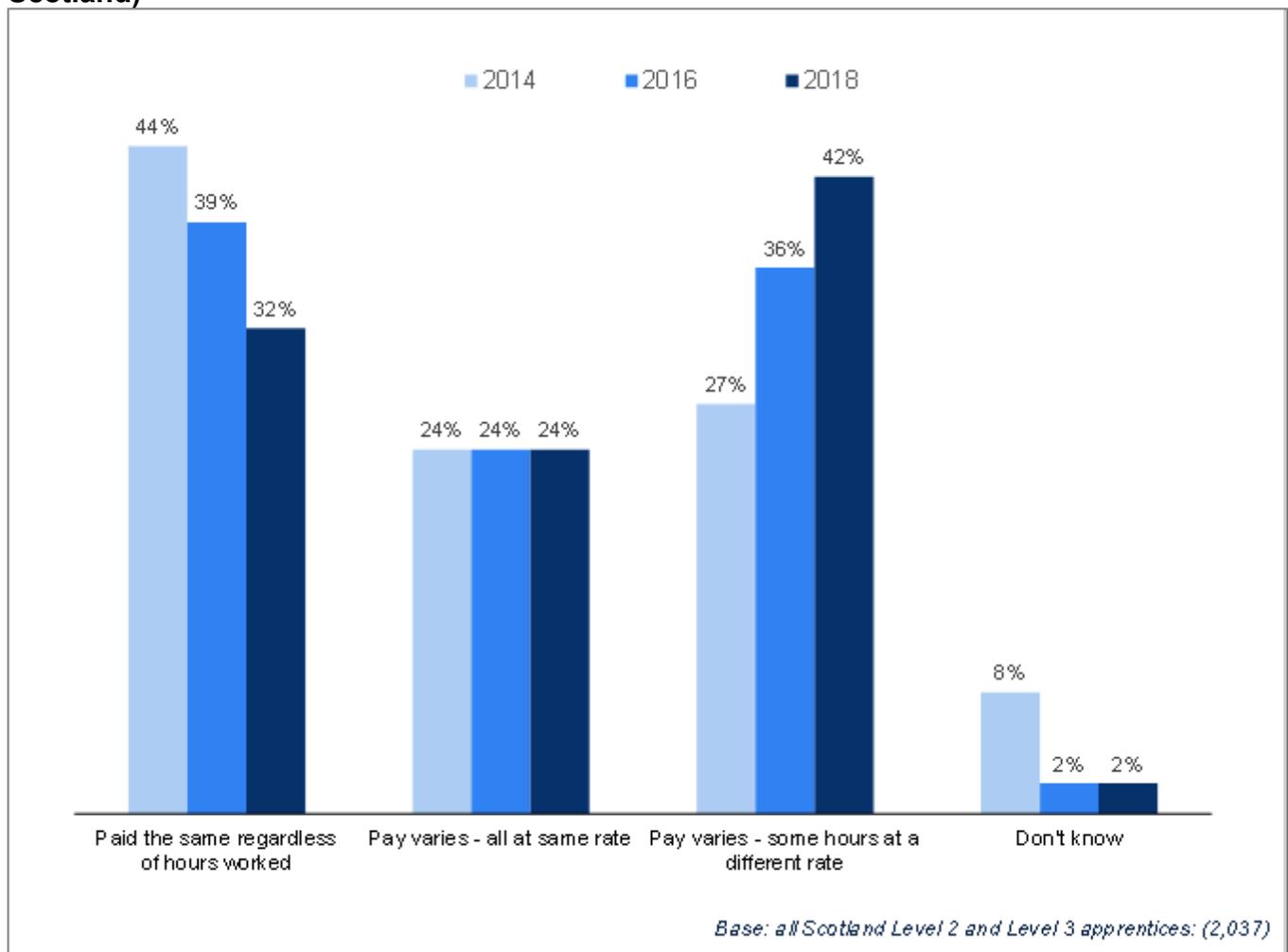


Rates of pay

Pay arrangements

Nearly a third of apprentices (32%) were paid the same total amount each week regardless of the number of hours they worked, a significant decrease when compared to the proportion in 2016 (39%). Weekly pay varied for the majority (68%) of apprentices; split between those for whom all hours were paid at the same rate (24%) and, more commonly, those where some hours were paid at a different rate (42%).

Figure 3.4 Pay arrangements for apprentices in 2014 and 2016 (Level 2 and 3 across Scotland)



This fall in 2018/19 compared with 2016 in the proportion of apprentices paid the same amount each week regardless of the hours worked was found across some, but not all frameworks. As

Table 3-4 shows, Construction and related frameworks saw the biggest reductions since 2016 in the proportion paid the same each week regardless of hours (a 16-percentage point reduction).

Table 3-4 Proportion paid the same amount regardless of hours worked by framework (Scotland Level 2 and Level 3)

	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
Business and related	<i>185 / 126 / 180</i>	81	77	67	-10
Retail	<i>125 / 84 / 165</i>	22	19	21	2
Health, Social Care and Sport	<i>140 / 173 / 213</i>	45	38	46	8
Engineering & Manufacturing Technologies	<i>446 / 420 / 557</i>	37	33	26	-7
Construction and related	<i>386 / 374 / 490</i>	39	35	19	-16
Hospitality and Catering	<i>124 / 95 / 109</i>	21	29	21	-8
Hairdressing	<i>132 / 89 / 160</i>	82	53	57	4
Other	<i>87 / 90 / 163</i>	69	51	58	7
Scotland Total	<i>2,011 / 1,552 / 2,037</i>	44	39	32	-7

Base: All Scotland 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 (40%). 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 19% in the Construction and related frameworks, to 67% in the Business and related framework.

Table 3-5 Pay arrangements for apprentices by framework and age (Level 2 and Level 3 across Scotland)

<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>
Framework					
Business and related	180	%	67	14	19
Hairdressing	160	%	57	41	2
Health, Social Care and Sport	213	%	46	37	13
Engineering & Manufacturing Technologies	557	%	26	17	55
Retail	165	%	21	37	39
Hospitality and Catering	109	%	21	68	10
Construction and related	490	%	19	18	61
Other	163	%	58	12	28
Age					
16-18	330	%	40	27	30
19-20	754	%	33	23	43
21-24	532	%	26	24	48
25+	421	%	32	23	44
Scotland Total	2,037	%	32	24	42

Base: All Scotland 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 £7.67 for Level 2 and 3 apprentices (mean hourly pay was £8.22). This was higher than in 2016, when the median was £6.66 (mean hourly pay was £6.78).

Figure 3.5 shows median hourly pay by framework in ascending order and compares this with the corresponding figures from 2016 and 2014. Information on how this figure is calculated is discussed in Chapter 2.

While basic hourly pay increased dramatically for apprentices on Hairdressing standards between 2014 and 2016, in 2018/19 it was the only framework for which median basic hourly pay decreased between 2018/19 and 2016, albeit very slightly.

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

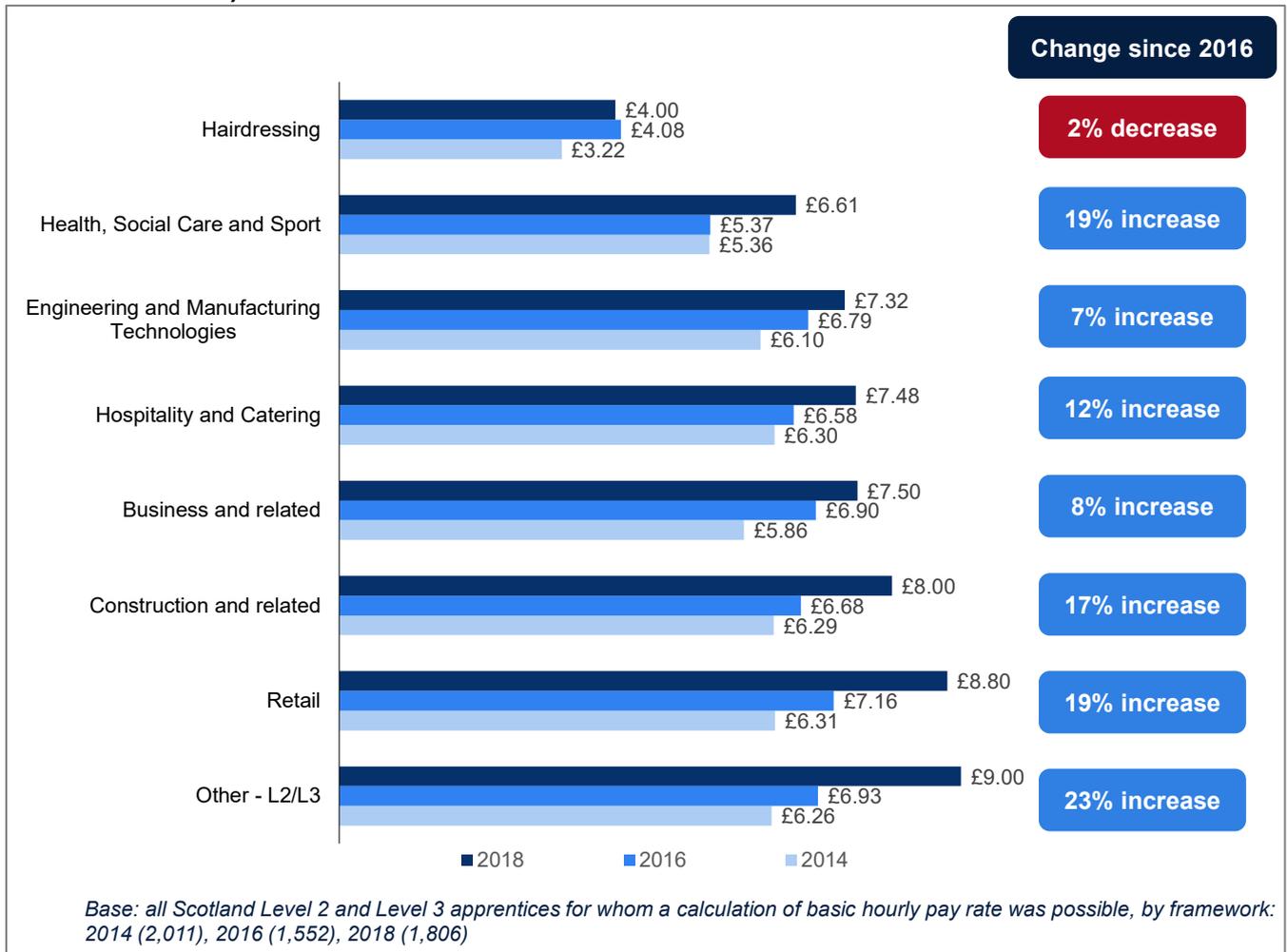


Table 3-6 shows median and mean basic hourly pay by key demographics. Pay increases with age and level of apprenticeship but decreased when considering length of time that apprentices had been on their training.

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

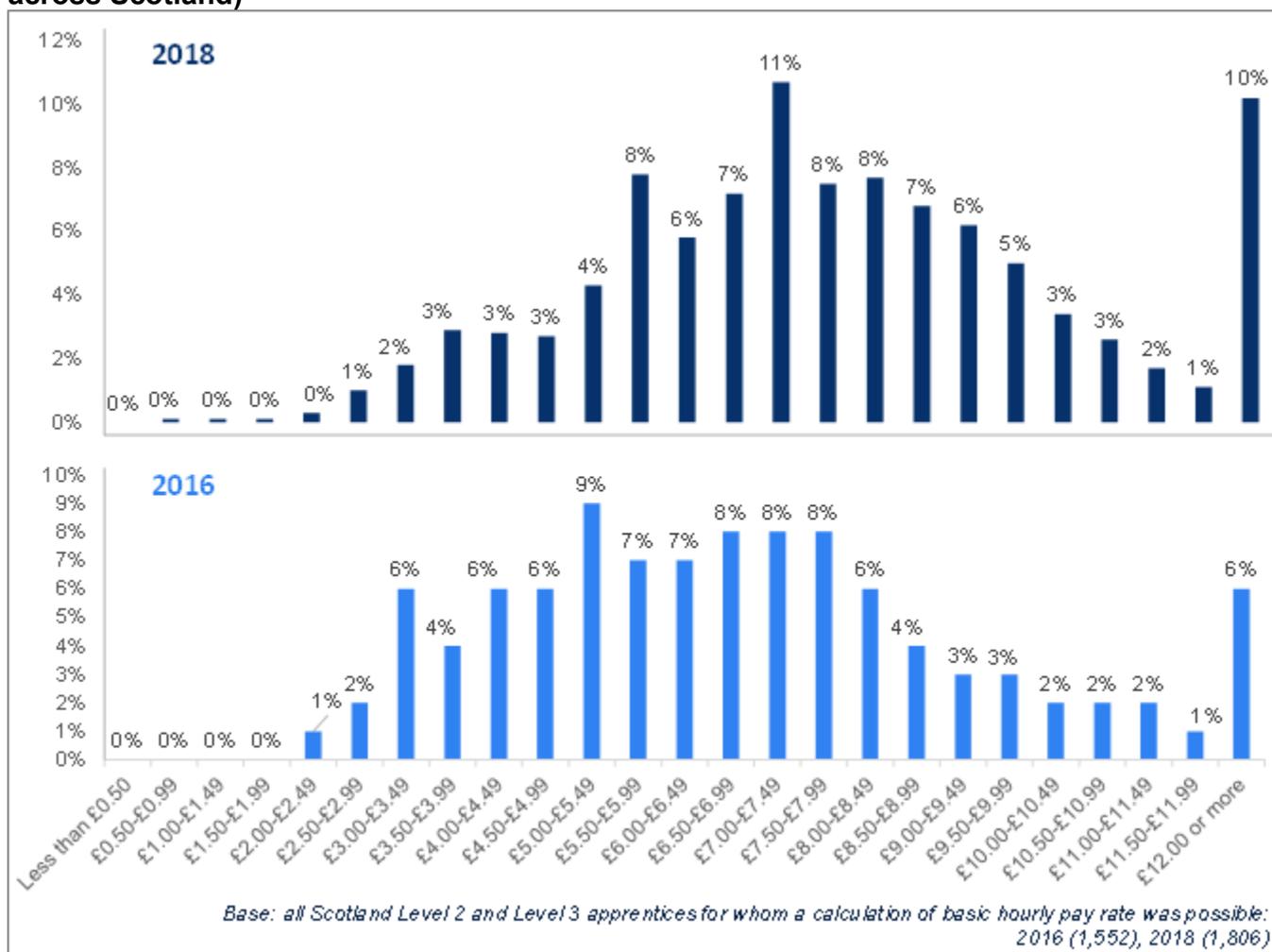
	<i>Base</i>	Mean £	Median £
Level			
Level 2	378	7.79	7.46
Level 3	1,428	8.33	7.73
Gender			
Male	1,259	8.49	7.83
Female	547	7.46	7.30
Age			
16-18	298	5.90	5.40
19-20	679	7.19	6.88
21-24	470	8.62	8.02
25+	359	10.74	9.83
Ethnicity⁹			
White	1762	8.24	7.69
Asian / Asian British	10	6.78	6.71
Black / Black British	10	8.76	7.98
Mixed	12	7.05	7.05
Other	5	6.64	6.22
Length of time on apprenticeship			
One year or less	566	8.50	7.83
More than a year	1,200	8.06	7.51
Scotland Total	1,806	8.22	7.67

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.

⁹ Given the small base sizes of each ethnic group except white, it is worth stressing caution when analysing these results by ethnicity.

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



Pay in 2018/19 peaks at the £7.00 to £7.49 band (11%), whereas in 2016 it had peaked in the £5.00 to £5.49 band (9%). The main change in this year is the number of apprentices with a basic hourly pay of less than £4, which has fallen to 6% in 2018/19, down from 13% in 2016. Another change when comparing these results to 2016 is that the distribution of pay has shifted so that pay peaked in higher pay bands; for example, the first major peak 2016 occurred within the £3.00-£3.49 pay band (6%), while the first peak of a similar number in 2018/19 occurred in the £5.50-£5.99 band (8%).

Ten per cent of apprentices were paid £12.00 or more per hour, a significant increase compared to 2016 (6%). It was most common for apprentices aged over 25 (29%) and those undertaking an apprenticeship in Retail (22%) to be paid £12.00 or more per hour.

Pay increases

Around two-thirds of apprentices in Scotland (67%) reported that their hourly pay rate had increased during their apprenticeship, higher than in 2016 (60%). Increases in pay were most common among those aged 19-20 and 21-24 (79% and 78% respectively), compared with those aged 16-18 (68%), and were particularly more likely than those aged 25 or older (40%).

Male apprentices were more likely to have received an increase in pay (75%) compared with female apprentices (46%). 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, 72% reported that this was because they had completed the first year of their apprenticeship (equivalent to 49% of all apprentices in Scotland); 13% because they had turned 19 (9% of all apprentices); 11% because they had turned 21 (8% of all apprentices); 2% because they had turned 25 (1% of all apprentices); and 2% because of the introduction of the National Living Wage (2% of all Level 2 and 3 apprentices in Scotland).

This meant that nearly two in five of all apprentices in Scotland (39%) – or 64% 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 Scotland)

	<i>Proportion experiencing any pay increases</i>	
	<i>Base</i>	<i>%</i>
Framework		
Engineering & Manufacturing Technologies	557	86
Construction and related	490	84
Hairdressing	160	56
Business and related	180	51
Health, Social Care and Sport	213	47
Hospitality and Catering	109	35
Retail	165	24
Other	163	48
Age		
16-18	330	68
19-20	754	79
21-24	532	78
25+	421	40
Scotland Total	2,037	67

Base: All Scotland Level 2 and Level 3 apprentices / All Scotland 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 £7.72 (mean: £8.13). This was in line with the overall Scotland average (median of £7.80 and mean of £8.30). Median basic hourly pay was highest amongst apprentices who were contracted to work fewer than 16-29 hours a week (£7.83), and the mean basic hourly pay highest amongst this group too (£8.42). Evidently, apprentices contracted on full-time hours were likely to earn less per hour than those contracted to work part-time hours, as illustrated in Table 3-8:

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

	<i>Base</i>	Mean £	Median £
16-29 hours	74	8.42	7.83
30 hours or more	1,530	8.30	7.80
Scotland Total	1,619*	8.13	7.72

Base: All Scotland 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 Scotland total.

Premium and overtime rates

Overall, just under two-fifths of (42%) apprentices were paid a different rate for some of the hours they worked, higher than in 2016 (33%).

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 third (35%) 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 £13.00 (median: £13.46), in comparison to the overall £8.76 (mean: £9.74) basic rate for this same group, a difference of £3.72 per hour. Caution should be taken when interpreting these findings due to a relatively small base size (unweighted 112).

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 £10.00 (mean: £11.028). In comparison the median basic hourly pay rate for these apprentices was £7.62 (mean: £8.13).

Total weekly earnings

Average total weekly earnings

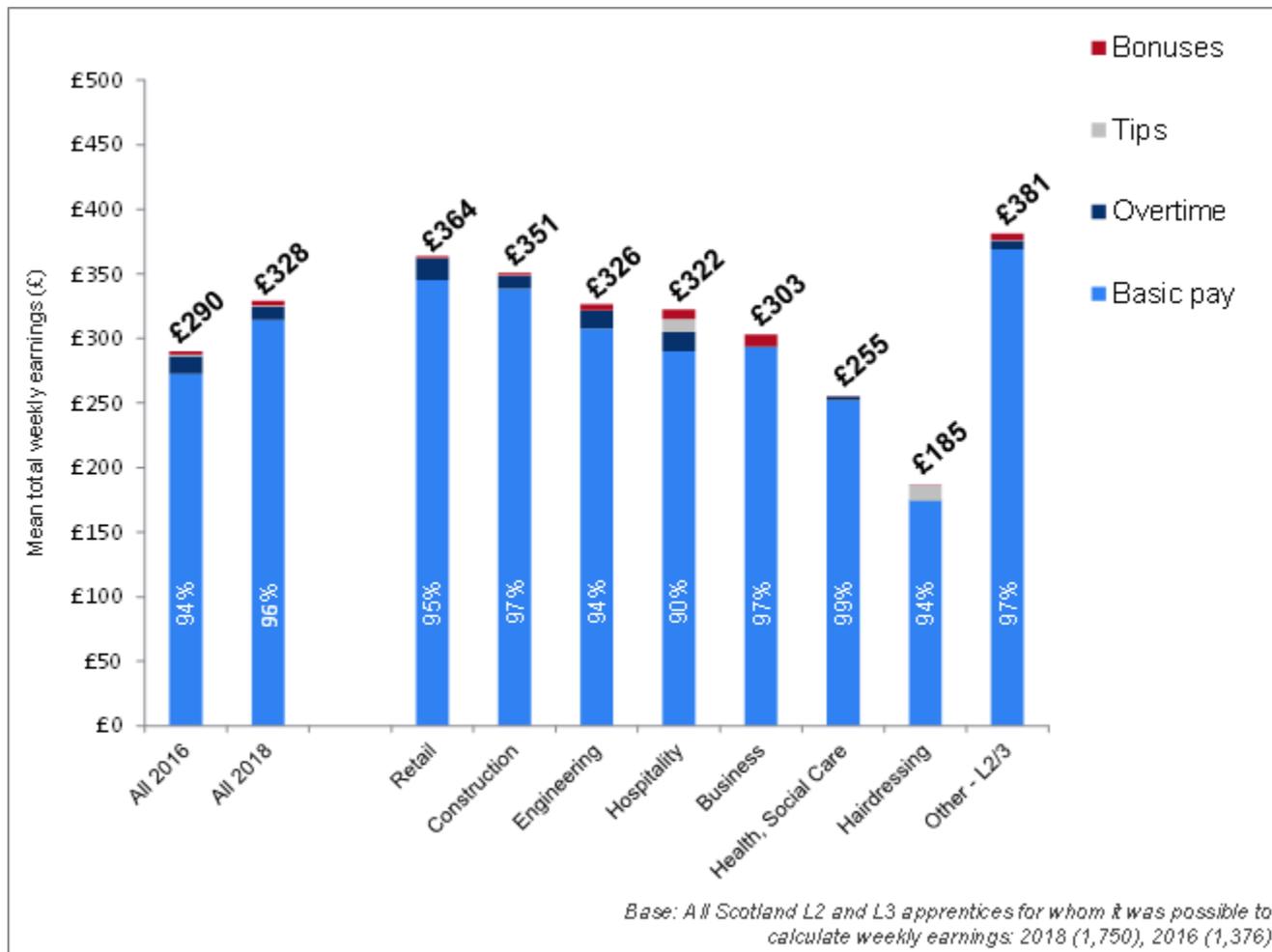
The mean total weekly earnings for Level 2 and 3 apprentices in Scotland was £328 (median: £308). This is an increase from 2016 when mean total weekly earnings was £290 (median: £272). This total weekly earnings figure includes basic pay, pay from overtime, and tips from customers and bonuses. The figure is based on Level 2 and 3 apprentices in Scotland for whom a total weekly earnings figure could be calculated (1,750 respondents).

As shown in Figure 3.7, mean weekly earnings varied considerably by framework. Higher than average earnings were evident in the Retail and Construction frameworks. 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 96%). 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 the Retail sector (5%); and Hospitality and Engineering frameworks (both 4%), compared with Business, Hairdressing and Health Social Care and Sport (less than 1% in each).
- **Tips from customers** was highest in Hairdressing (6%) and Hospitality (3%), compared with the average of less than 1% across all apprentices.
- The proportion of weekly earnings from **bonuses** was highest in the Business framework (3%), compared with the average of 1% across all apprentices.

Figure 3.7 Mean total weekly earnings of Level 2 and 3 Scotland apprentices split by basic pay, overtime, tips and bonuses, and the percentage of the mean total weekly earnings made up by basic pay, by framework¹⁰



Earnings from basic pay

The mean weekly earnings from basic pay – i.e. earnings excluding paid overtime, tips from customers and bonuses – across all Scotland Level 2 and 3 apprentices was £315 (median: £300), which is an increase since 2016 (mean £273; median £260). Basic pay accounted for the vast majority of total weekly earnings (96%), which is slightly higher than the proportion reported in 2016 (94%).

As detailed in Table 3-9, earnings from basic pay was highest in the Retail, Construction and ‘Other’ frameworks.

Earnings from basic weekly pay was higher than average amongst male apprentices (mean: £331; median: £310) and those aged 25 and above (mean: £410; median: £385).

¹⁰ 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 (4%), 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 Scotland, by framework

	<i>Base</i>	Mean £	Median £
Retail	136	346	334
Construction	414	339	321
Engineering	503	309	293
Business	154	293	287
Hospitality	89	289	280
Health, Social Care and Sport	181	253	244
Hairdressing	132	175	148
Other	139	370	329
Scotland Total	1,748	315	300

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

Overtime

Around seven-in-ten Level 2 and 3 apprentices in Scotland (68%) had worked overtime – either paid or unpaid – for their employer during their apprenticeship; higher than in 2016 (60%).

Table 3-10 shows that working overtime was most common in Retail (82%), and least common in Hairdressing (43%).

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

	<i>Base</i>	Work overtime (paid or unpaid) %
Retail	165	82
Construction	490	77
Engineering	557	72
Hospitality	109	66
Health, Social Care and Sport	213	50
Business	180	48
Hairdressing	89	43
Other	126	59
Scotland Total	2,037	68

Base: all Scotland Level 2 and Level 3 apprentices

Male apprentices were more likely than female apprentices to have worked overtime (73% compared with 54% respectively). The proportion of apprentices that worked overtime

increased with age; from 56% of apprentices aged 16-18 to 72% of apprentices aged 25 or over.

Among apprentices that worked overtime (and could provide information on the number of overtime hours worked)¹¹ the median number of weekly overtime hours (either paid or unpaid) was 5.0 (mean 7.2 hours). Of those who worked overtime:

- 76% worked less than 10 hours overtime a week;
- 14% worked between 10 and 14 hours; and
- 10% worked 15 or more hours overtime.

Earnings from overtime

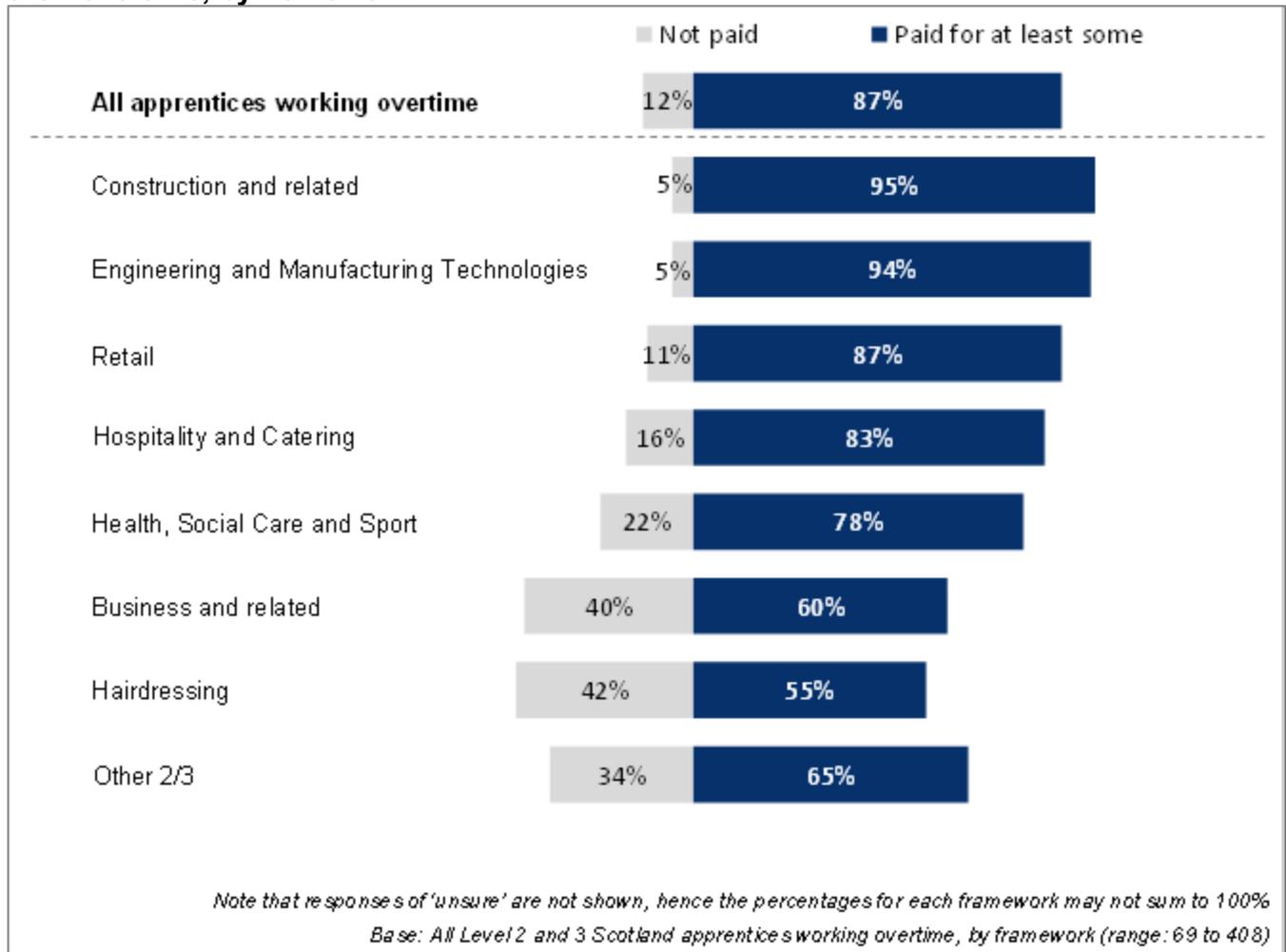
Well over four-fifths (87%) of Level 2 and 3 apprentices in Scotland that had worked overtime had been paid for at least some of the additional hours they worked. Twelve per cent were not paid for any of the additional hours they worked (the remaining 1% did not know). The proportion of apprentices that were not paid for any of their overtime hours is similar to 2016 (14%).

As shown in Figure 3.8, apprentices in the Construction and Engineering and Manufacturing Technologies frameworks were the most likely to be paid for any of their overtime hours (95% and 94% respectively).

As was the case in 2016, apprentices in the Hairdressing framework were the least likely to be paid for any of their overtime hours (42%). The proportion of apprentices not paid for any overtime was also high in the Business framework (40%).

¹¹ 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 Scotland 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 5.0 (mean: 7.4 hours), similar to 2016 (median 6.0, mean 7.3). Of those who worked paid overtime and could state their hours:

- 78% worked less than 10 hours paid overtime;
- 12% worked between 10 and 14 hours; and
- 11% 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 £106 (mean £72).

Unpaid overtime

Apprentices should be paid for all the hours they work, but there are times where 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.¹²

¹² 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

Among apprentices that worked overtime, 12% were not paid for any of their overtime hours (equivalent to 8% of all Level 2 or 3 apprentices in Scotland). This group reported working a median of 5.0 unpaid overtime hours per week (mean: 6.7 hours).¹³ This represents an increase from the previous survey in 2016 (median: 2.0 hours, mean: 4.0 hours).

Time off in lieu or flexi leave

Around a third (34%) of Level 2 and 3 apprentices in Scotland 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 (37%).¹⁴

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 (59% and 33% respectively).

Tips from customers

7% of Scotland Level 2 and 3 apprentices received tips from customers, in line with the 8% reported in 2016.

Tips were more common among younger apprentices (ranging from 15% of those aged 16-18 to 4% of those aged 25 and over) and female apprentices (13% compared with 5% of male apprentices), and among those in the Hairdressing (78%) and Hospitality and Catering frameworks (40%). It is worth noting that both of these frameworks consists of higher than average proportions of female apprentices and, in the case of Hairdressing, a higher than average proportion of apprentices aged 16 to 18.

The vast majority (78%) 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 £12.50 (slightly lower than the £15.00 reported in 2016).

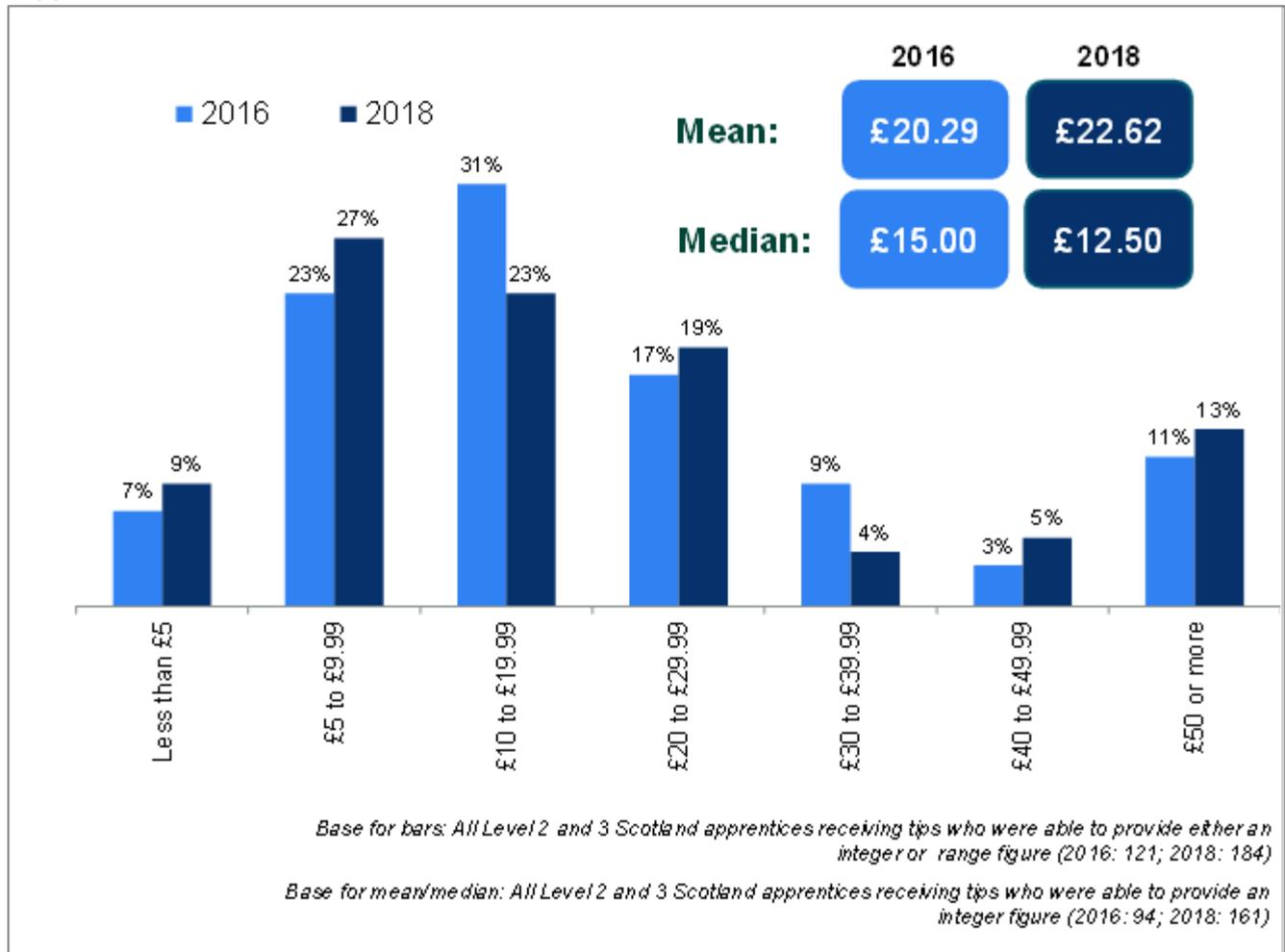
As reported at the start of this chapter, tips accounted for an average of less than 1% of total weekly earnings across all apprentices but accounted for 6% in both the Hairdressing and Hospitality and Catering frameworks.

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.

¹³ 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.

¹⁴ 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 Scotland apprentices in a typical week



Bonuses

A fifth (20%) of Level 2 and 3 apprentices in Scotland received bonuses from their employer, an increase from 17% reported in 2016.

Bonuses were more common among those on Engineering (28%), Retail (25%) and Business frameworks (25%).

Among apprentice that received bonuses, the median bonus (as a weekly figure) was £9.62 (mean: £22.69). In 2016 it was £7.81 (mean: £18.14). Low base sizes do not allow for sub-group analysis 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.

In line with 2016, 4% of Level 2 and 3 apprentices in Scotland were provided with accommodation, either free or charged for. 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 About this report, 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 Scotland for whom compliance or non-compliance could be calculated given their survey responses¹⁵ 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 Scotland 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 Scotland has increased since 2016, when stratifying by age and year of apprenticeship, there have been no significant increases, as shown in Table 3-12.

¹⁵ An unweighted base of 1,880 respondents

Table 3-12 Compliance by age and year of apprenticeship in 2018/19 and 2016 (Scotland 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	934	%	91	9	804	%	92	8
Age 19-20 and in second year of apprenticeship	258	%	78	22	520	%	74	26
Age 21-24 and in second year of apprenticeship	205	%	75	25	363	%	74	26
Age 25+ and in second year of apprenticeship	87	%	80	20	188	%	80	20
Scotland total*	1,487	%	86	14	1,880	%	82	18

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

*The total base for Scotland 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).

As in 2016 there were considerable differences in the proportions receiving compliant pay by framework, as shown in Table 3-13. Once again, Hairdressing apprentices were by far the most likely to have received non-compliant pay (51%), while those on Retail frameworks were least likely (8%). In line with the overall increase in non-compliance, the proportions being paid below the NMW / NLW had increased in several frameworks: Engineering and Manufacturing Technologies frameworks (from 13% in 2016 to 21% in 2018/19) and in Business and related frameworks (from 1% to 10%).

Table 3-13: Compliance with NMW by framework for Scotland 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	84	%	58	42	142	%	49	51
Health, Social Care and Sport	160	%	78	22	192	%	78	22
Engineering and Manufacturing Technologies	407	%	87	13	527	%	79	21
Construction and related	360	%	86	14	449	%	82	18
Hospitality and Catering	91	%	85	15	91	%	84	16
Business and related	122	%	99	1	174	%	90	10
Retail	80	%	89	11	150	%	92	8
Other 2/3	86	%	85	15	155	%	93	7
Scotland Total	1,487	%	86	14	1,880	%	82	18

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

Non-compliance was lowest among the oldest group of apprentices, those aged 25 and over (11%), compared with 20% of apprentices aged 16 to 24.

Those nearer the beginning of their apprenticeship were less likely to receive non-compliant pay: 7% of those who had been on their course a year or less were paid less than the appropriate minimum rate, compared with 22% 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 (15%). 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 (mean average: 44.2 hours) compared to those with compliant pay (mean average: 40.3 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:

- Women (21%) compared with men (17%);
- Those employed for the duration of their training only (22%) compared with those employed on a permanent basis (16%); and
- Those without a written contract (33%) compared with those with a written contract (17%).

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 (26%) than in their second year or later (11%), although the reverse relationship was true for those aged 19-20 (first year 8% vs. second year or later 26%), 21-24 (first year 2% vs second year or later (26%) or aged 25 or older (first year 0% vs. second year or later 21%).

Figure 3.10 Compliance by age and year of apprenticeship (Scotland Level 2 and Level 3 apprentices)

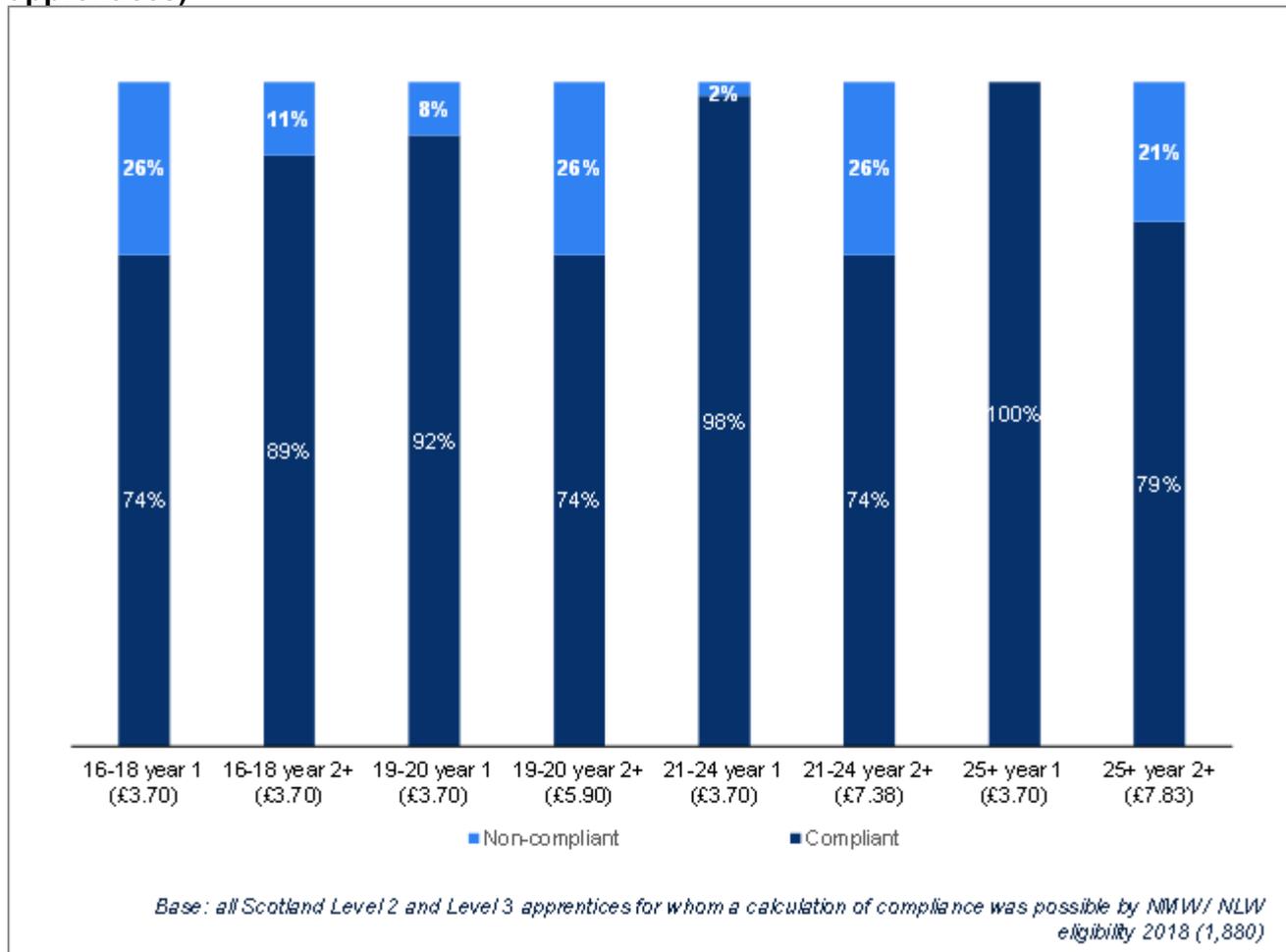


Table 3-14 and Figure 3.11 show the pay distribution for Level 2 and Level 3 apprentices in Scotland, also indicating within each pay band the relevant compliance rate. These figures are again based on respondents for whom it was possible to calculate an exact hourly pay figure (1,806 of 2,037 Level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

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.

¹⁶ 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 Scotland for whom compliance could be calculated.

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.

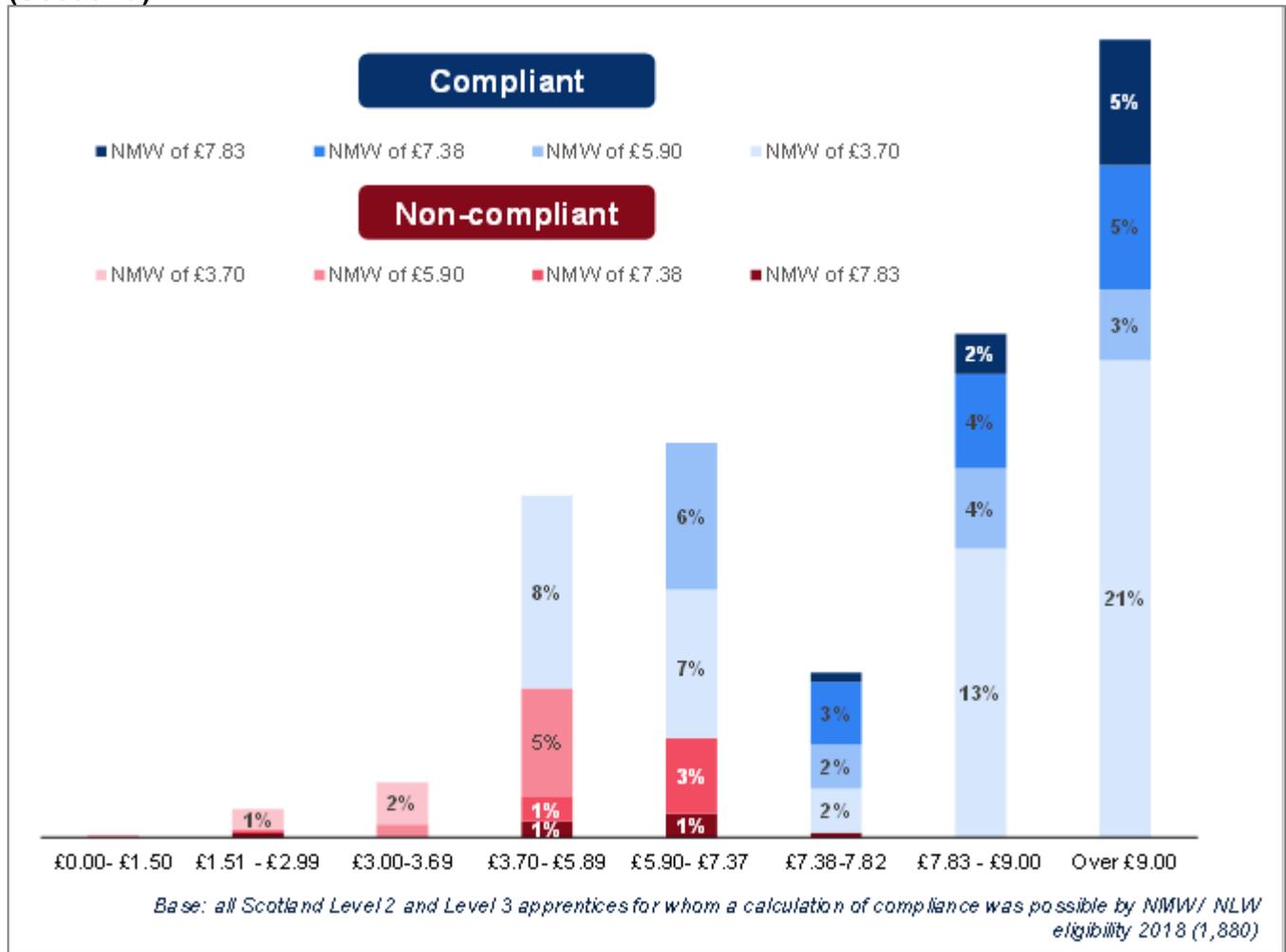
Table 3-14 Apprentice pay rates and compliance / non-compliance (Scotland Level 2 and Level 3)

	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	10.7%	16.4%	8.9%	17.9%	27.4%
Non-compliant	0.1%	1.5%	3.0%	8.3%	5.5%	0.2%	N/A	N/A

Base: All Scotland L2 and L3 apprentices with a specific calculated hourly pay figure (1,880). Each figure is based on the overall base; hence for example 1.5% of all Level 2 and 3 apprentices in Scotland 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 3% of all apprentices for whom exact hourly pay could be calculated received over £9 an hour while needing a minimum of £5.90 an hour to be compliant, and 21% received over £9 an hour while needing a minimum of £3.70 to be compliant.

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



Overall, 4% of all Level 2 and Level 3 apprentices in Scotland 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 (3%), although a small minority should have been paid at least £5.90 per hour (1%).

Around one in six of all Level 2 and Level 3 apprentices in Scotland were paid between £3.70 and £5.89 (15%), with about half of this group being paid below the National Minimum Wage that they were eligible for (7%).

Around one in six of all Level 2 and Level 3 apprentices in Scotland were paid between £5.90 and £7.37 (17%). The majority of these (13% of all Level 2 and Level 3 apprentices) were eligible for a minimum rate of £3.70, and hence had compliant pay; however small proportions should have been receiving at least £7.38 (3% of all apprentices in Scotland) or £7.83 or more (1%).

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

Nearly three in five of all Level 2 and Level 3 apprentices in Scotland (57%) 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 Scotland that were eligible for the National Living Wage, four-fifths received compliant pay (81%), with one in five receiving non-compliant pay (19%).

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 348), 23% 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 lower than in 2016 when two-fifths (40%) of Level 2 and 3 apprentices in Scotland with non-compliant pay were under 19 or in their first year (at which point the minimum rate was £3.30 and £2.68 respectively).

15% of those with non-compliant pay were aged 25 and over, and were therefore eligible for the NLW of £7.83 an hour, two-fifths (38%) were aged 19 or 20 (eligible for NMW of £5.90 an hour), and a further one in three (31%) were aged 21 to 24 (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 Scotland calculated to have non-compliant pay, a small proportion (2%) were paid very close to the relevant NMW or NLW rate (within four pence). Overall nearly half (49%) were paid within 10% of the appropriate rate, in line with 2016 (45%).

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

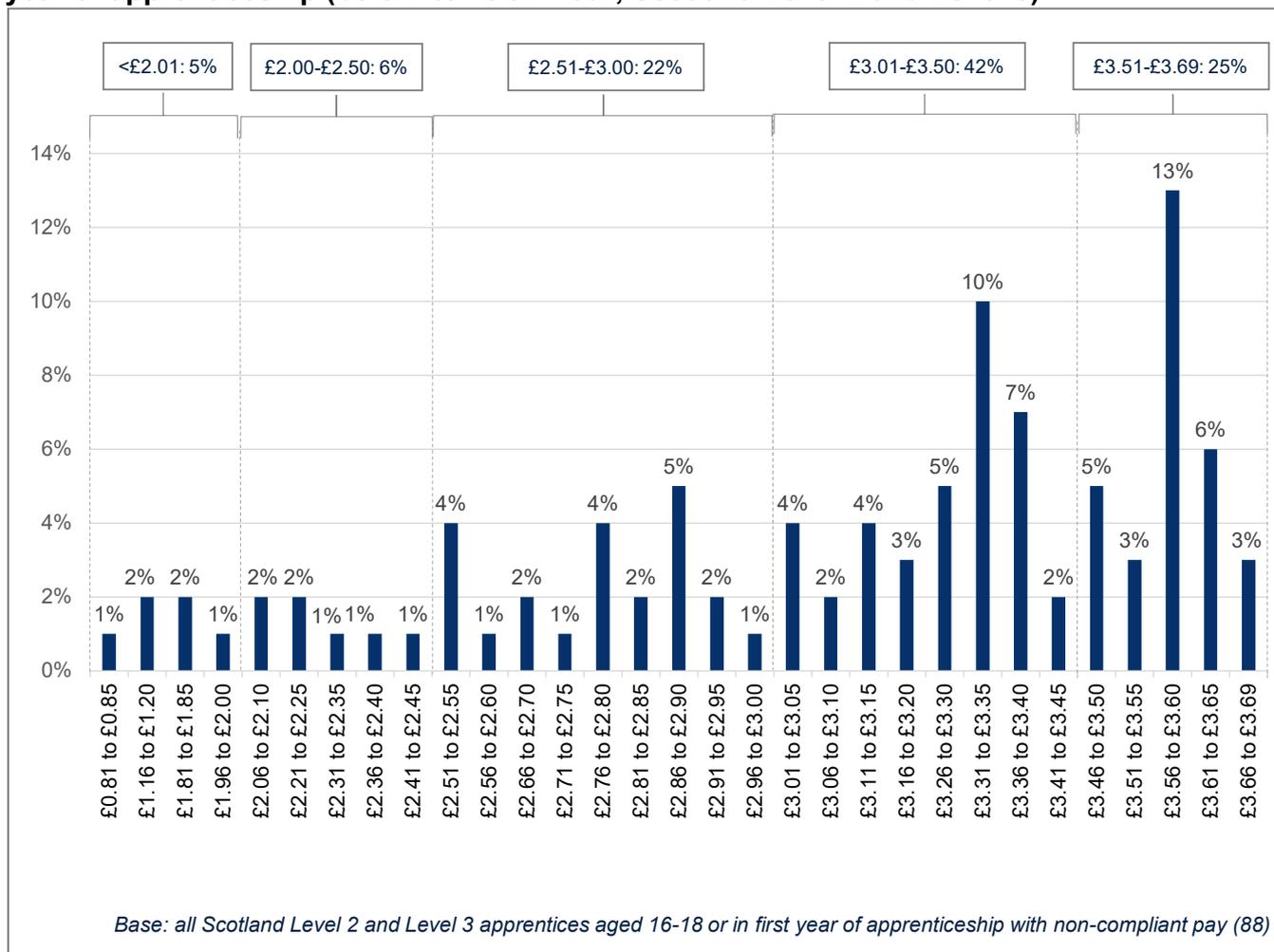


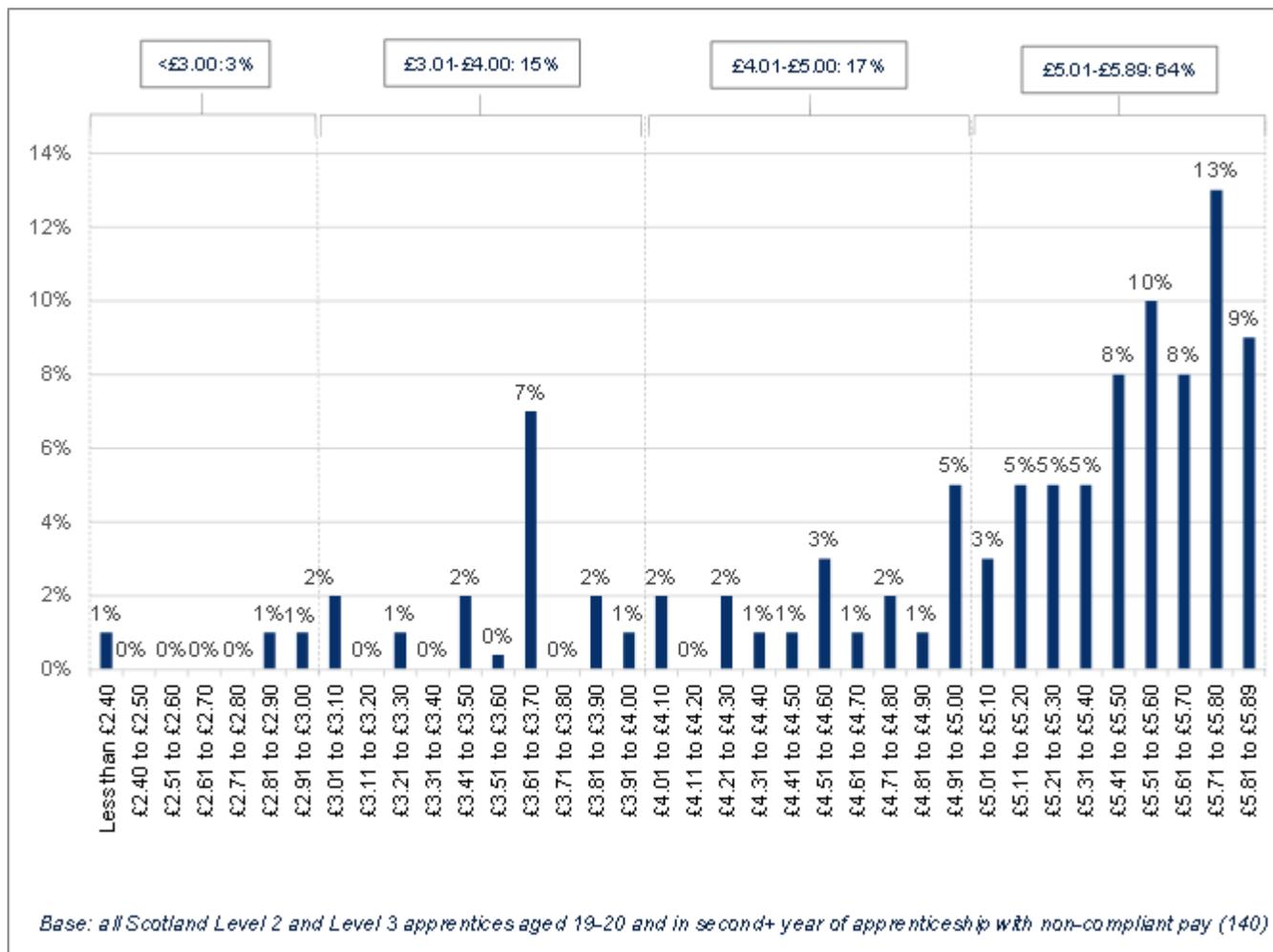
Figure 3.12 shows the distribution of pay below £3.70 for those aged 16 to 18 or in the first year of their apprenticeship among those with calculable pay figures. (Note this section uses the calculated gross hourly pay rather than the basic hourly pay figures used elsewhere in the report – see the discussion on this in Chapter 2). The low base size in Figure 3.12 (88) means that results should be treated with caution.

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): 46% were paid within 10% of the correct rate (between £3.33 and £3.69), in line with the 47% of this group within 10% of the appropriate rate in 2018/19.

Overall, however, those aged 16 to 18 or in the first year of their apprenticeship with non-compliant pay were receiving higher levels of pay than found in the 2016 survey: the proportion being paid more than £2.50 increased from 78% in 2016 to 88% in 2018/19.

The median pay figure for this group of non-compliant apprentices was £3.29 an hour (mean of £3.08), this compares with a median of £2.38 in 2016 (mean of £2.27).

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



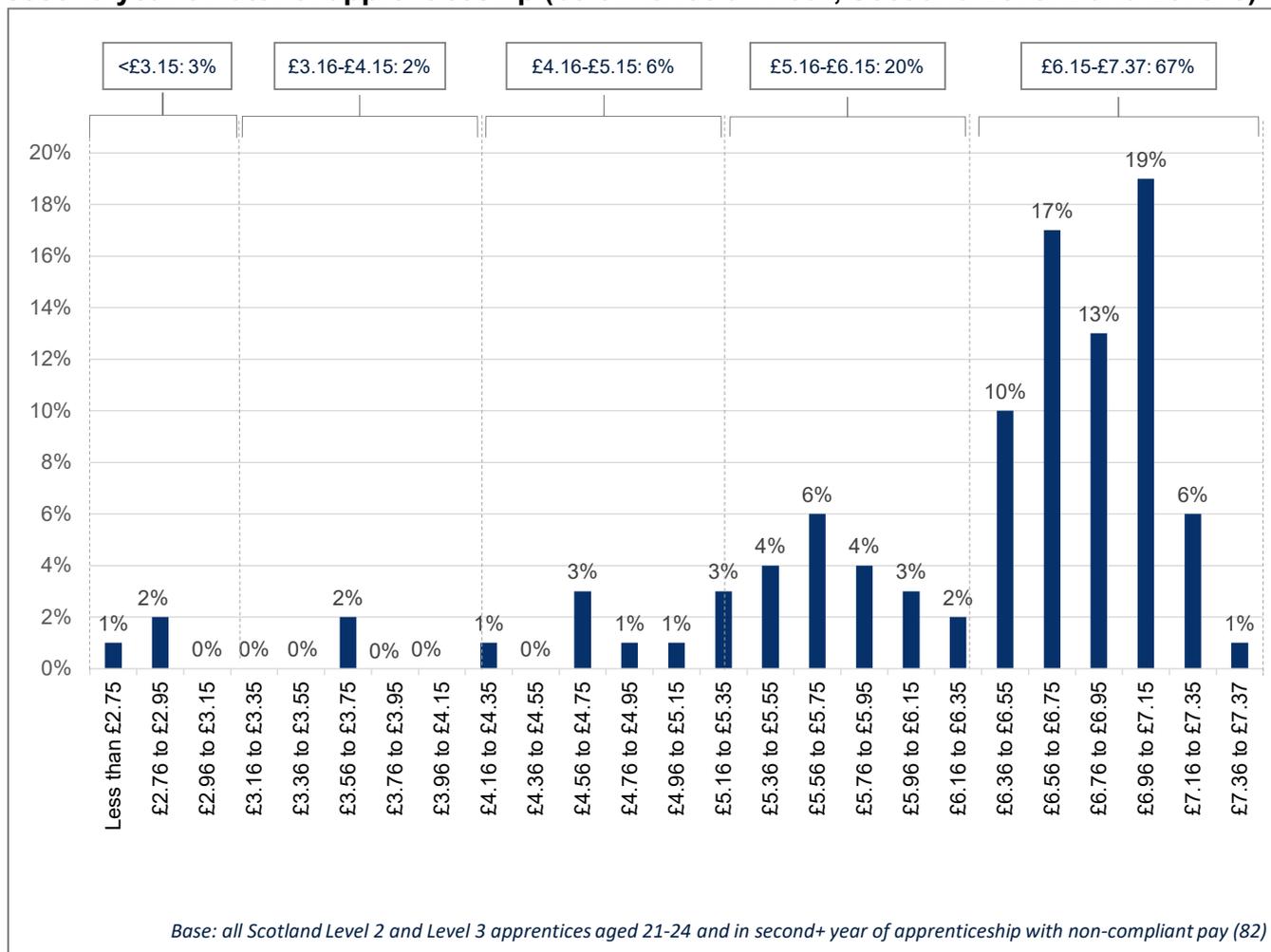
Of those with non-compliant pay aged 19 to 20 and in the second year of their apprenticeship or later, 2% had a gross hourly pay figure very close to the NMW rate (between £5.86 and £5.89), and around half (52%) were paid within 10% of the correct rate (between £5.31 and £5.89).

As shown in Figure 3.13, there was a spike at the £3.61-£3.70 bracket, 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 slight spike around the £5.00 level.

Among those with non-compliant pay aged 19 to 20 and in the second year of their apprenticeship or later, nearly two thirds (64%) were paid more than £5.00 an hour, while 15% received between £4.01 and £5.00. A small proportion (3%) 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 Scotland was £5.38 (the mean was £5.00). This compares to a median of £4.44 (a mean of £4.11) for this group of apprentices in 2016.

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



Among non-compliant apprentices aged 21 to 24 and in the second year of their apprenticeship or later, 1% had a gross hourly pay figure very close to the NMW rate (between £7.36 and £7.38), and overall half (51%) were paid within 10% of the correct rate (between £6.64 and £7.38). A further third 37% received between £5.00 and £6.64.

The median pay figure for non-compliant Level 2 and Level 3 apprentices in Scotland aged 21 to 24 and in the second year of their apprenticeship or later was £6.66 (the mean was £6.29). This compares to a median of £5.70 (a mean of £5.31) for this group of apprentices in 2016.

The base size for non-compliant apprentices in Scotland aged 25 and over and in the second year of their apprenticeship was too low (37) to allow for full analysis of pay distribution within this group, however the median pay for this group was £6.18 (the mean pay was £5.96).

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 Scotland 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 (Scotland Level 2 and Level 3)¹⁷

	<i>Base</i>	NMW (current method) %	Unpaid overtime removed %	Basic hourly pay rate %	All earnings and all hours %
Age					
16-18	299	18	7	8	8
19-20	669	23	9	9	10
21-24	461	21	9	9	11
25+	341	11	6	6	7
Gender					
Male	1238	17	6	7	8
Female	532	22	12	12	13
Year of apprenticeship					
A year or less	568	23	4	4	4
More than a year	1200	7	9	10	11
Framework					
Hairdressing	140	52	31	31	27
Health, Social Care and Sport	180	24	14	15	16
Engineering and Manufacturing Technologies	506	22	9	9	10
Construction and related	425	18	6	6	8
Hospitality and Catering	87	15	9	9	7
Business and related	158	11	3	3	4
Retail	136	9	6	6	6
Other - L2/L3	138	8	2	2	3
Total 2018/19	1,770	19	8	8	9

Base: All Scotland 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.

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

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 a significant 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 Hairdressing frameworks (falling from 52% non-compliant to 31%) and when hourly pay is calculated taking into account *all earnings* and *all hours*, from 52% to 27%. This suggests that in some cases Hairdressing employers may be expecting tips or other additional wages to supplement basic wages.

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 (Scotland Level 2 and Level 3)

	<i>Base</i>	Proportion of apprentices	Standard non-compliance	Unpaid overtime removed	All earning and all hours included
Received any additional earnings (tips, bonuses, or paid overtime)	530	30%	17%	N/A	7%
Worked unpaid overtime	190	17%	25%	6%	N/A

Base: All L2 and L3 Scotland 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 Scotland for whom compliance could be calculated across each pay measure, three in ten (30%) 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), 17% had non-compliant pay; when their hourly rate was recalculated to incorporate additional earnings this fell to 7%. Looking at the 17% of apprentices for whom compliance could be calculated who worked any unpaid overtime, one quarter (25%) 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 6%.

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 (33%) compared to those who had not recently changed eligibility (17%).**

Breaking this down further, **those apprentices who had recently finished the first year of their apprenticeship had a higher level of non-compliance (28%) compared with second years who had not recently finished the first year (18%).**

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 payslip respondents is slightly lower: 15% of respondents answering with a payslip to hand were calculated to have non-compliant pay, compared with 20% of non-payslip respondents. Among those respondents whose payslip contained both their pay and hours, non-compliance drops remains around the same level, with 13% of these apprentices receiving non-compliant pay.

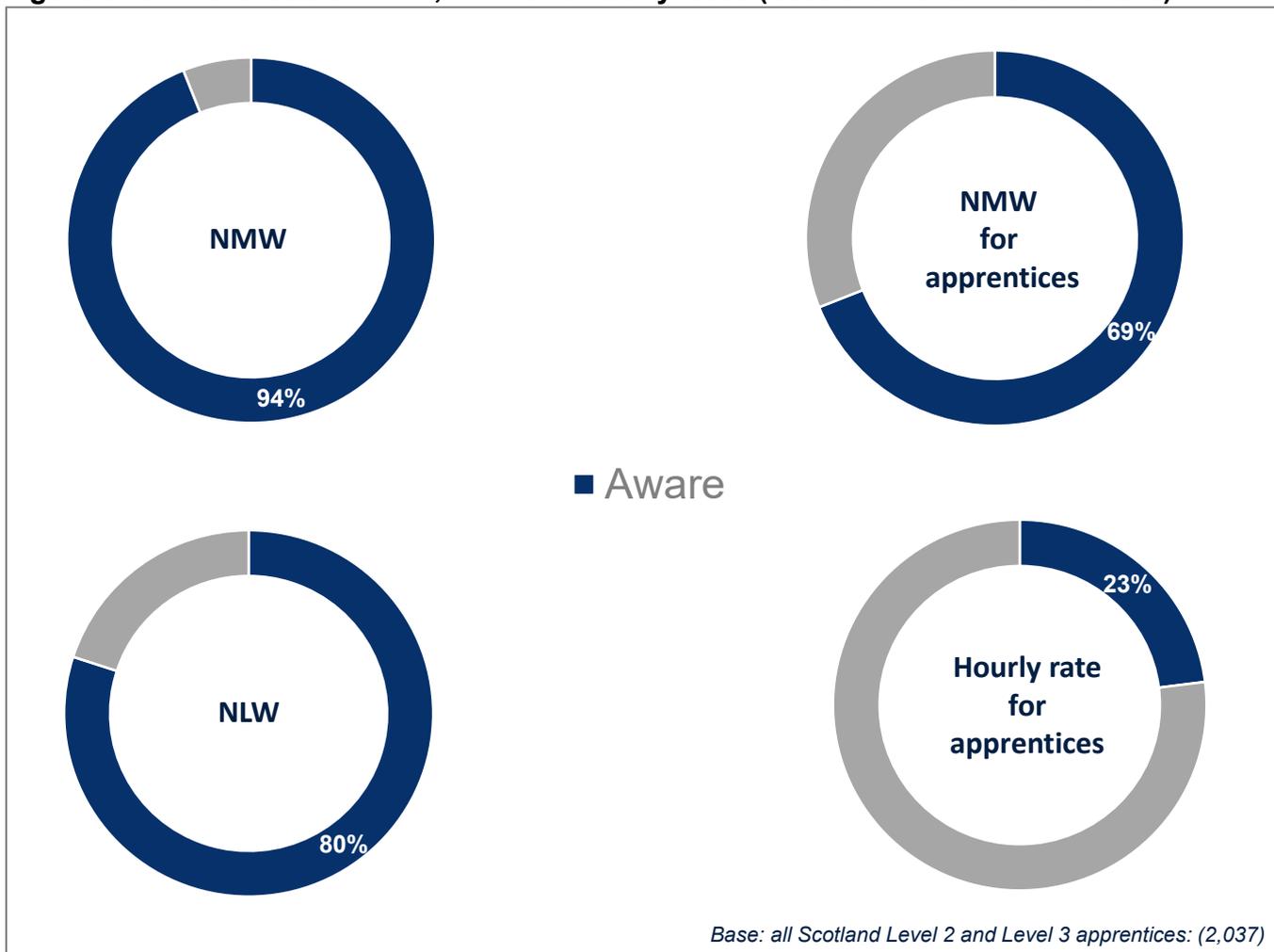
Based on self-reported hourly pay figures only (that is, the hourly rate that the apprentice stated, rather than a derived hourly pay rate based upon the pay and hours data collected in the survey¹⁸), the level of non-compliance was significantly lower: just 1% of this group gave a non-compliant figure for their hourly pay. Overall, nine in ten (90%) 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).

¹⁸ 64% of Level 2 and Level 3 apprentices in Scotland were able to state their hourly pay (an unweighted base of 1,288).

Awareness of the Apprentice Rate of National Minimum Wage

The vast majority of Level 2 and Level 3 apprentices in Scotland (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 (91%).

Figure 3.15 Awareness of NMW, NLW and hourly rates (Scotland Level 2 and Level 3)



Apprentices were less aware of the National Living Wage, which came into force from 1st April 2016, with four in five (80%) having heard of it. This was significantly more than had heard of it in 2016 (72%). Awareness rises to 87% of Level 2 and Level 3 apprentices in Scotland among those that are affected by the NLW, which is to say those aged 25 or older.

More than two-thirds (69%) of Level 2 and Level 3 apprentices in Scotland were aware that there is a National Minimum Wage rate for certain apprentices, which has remained stable since 2016 (68%). 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 (71%) of those aged between 16 and 24 were aware, compared with less than three-fifths (62%) of those aged 25 and over.

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

- Level 2 apprentices (60%) when compared to Level 3 apprentices (71%).
- Apprentices in Hospitality and catering (51%) and Health, Social Care and Sport (58%).

Of all Level 2 and Level 3 apprentices in Scotland, around one in five (23%) said they knew the minimum hourly rate for apprentices, in line with 2016 (22%). Those with compliant pay were less likely to be aware of the hourly rate (22%) than those with non-compliant pay (28%).

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

- Older apprentices (17% of those aged 25 and older were aware, rising to 29% of those aged 16 to 20);
- Level 2 or 3 apprentices in Scotland that were studying retail frameworks (12%).

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.

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

	<i>Base</i>	Aware of apprenticeship NMW %	Aware of hourly rate %
Business and related	180	75	18
Construction and related	490	74	27
Hairdressing	557	73	35
Engineering and Manufacturing Technologies	160	69	26
Retail	213	59	12
Health, Social Care and Sport	109	58	22
Hospitality and Catering	165	51	19
Other - L2/L3	163	74	15
Scotland Level 2/3 Total	2,037	69	23

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

4. Pay levels of Level 4 or Higher apprentices

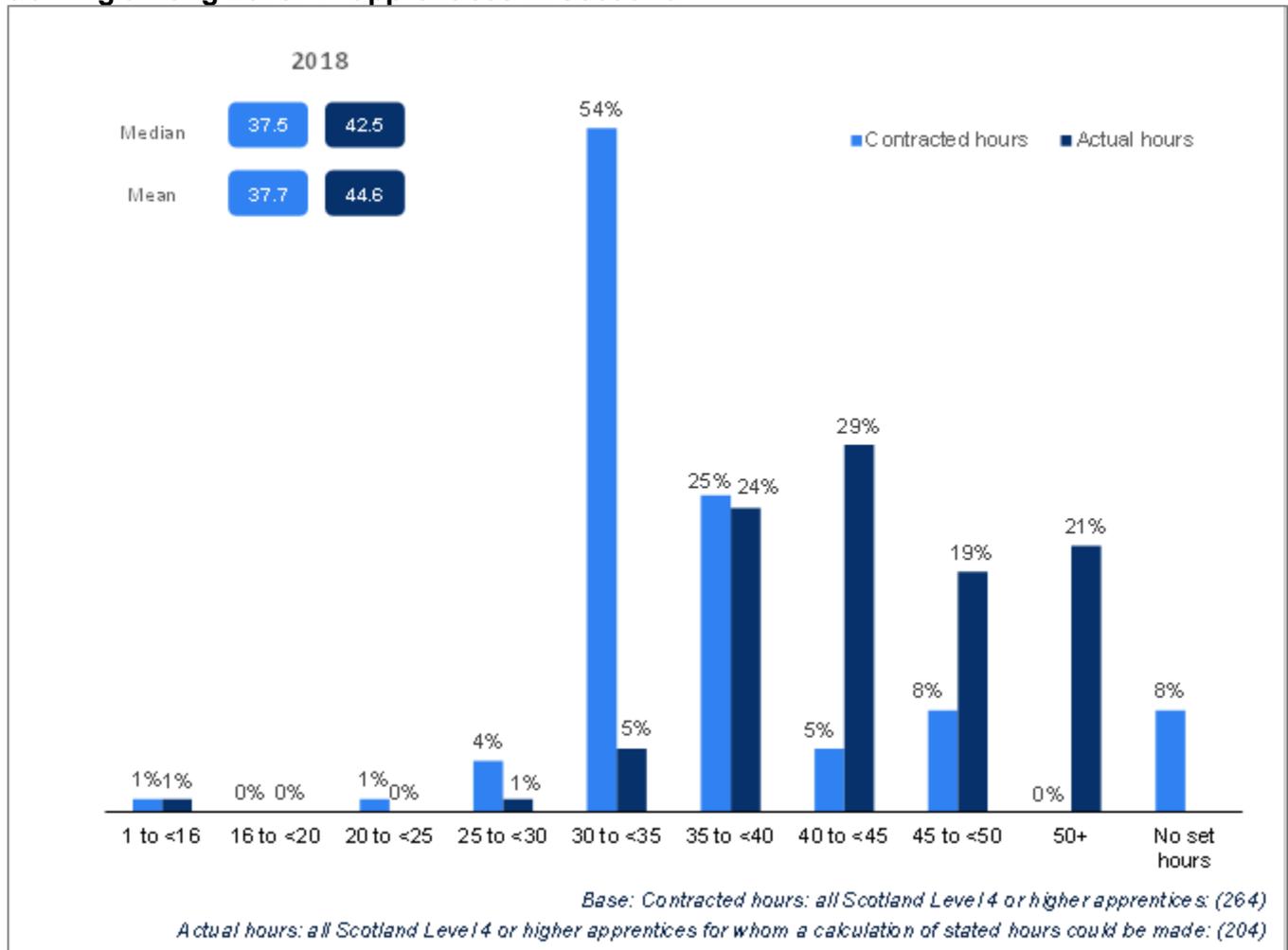
Nearly nine in ten apprentices in Scotland studying Level 4+ apprenticeships (88%) had been working for their employer before they started their course or training, a considerably larger proportion than among Level 2 and Level 3 apprentices in Scotland (55%). A higher proportion of Level 4+ apprentices had a written contract (96%, compared with 90% of Level 2 and Level 3 apprentices); in virtually all cases (98% of those with contracts), this contract was for a full year.

Level 4+ apprentices were also more likely to be employed permanently than Level 2 and Level 3 apprentices in Scotland (96% vs. 70%). A small minority had a fixed end date for their employment following completing their apprenticeship (2%) or were employed for the duration of their training only (1%).

A similar proportion of Level 4+ apprentices (91%) and Level 2 and 3 apprentices (89%) worked a set number of hours each week. Just 3% 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 (54%) or 40 to 44 hours per week (25%). Median weekly contracted hours for Level 4+ apprentices in Scotland was 37.5 hours (mean: 37.7 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 42.5 hours a week (a mean of 44.6 hours). Overall, around two-thirds (65%) 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 Scotland



Provision of formal training

Just one-quarter (27%) 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 Scotland (47%).

Pay arrangements

Half of Level 4+ apprentices (52%) were paid the same amount each week, while 42% had pay which varied depending on the hours worked; these proportions are the opposite of the pattern among Level 2 and Level 3 apprentices in Scotland, among whom 62% had varied pay, and 35% were paid the same each week.

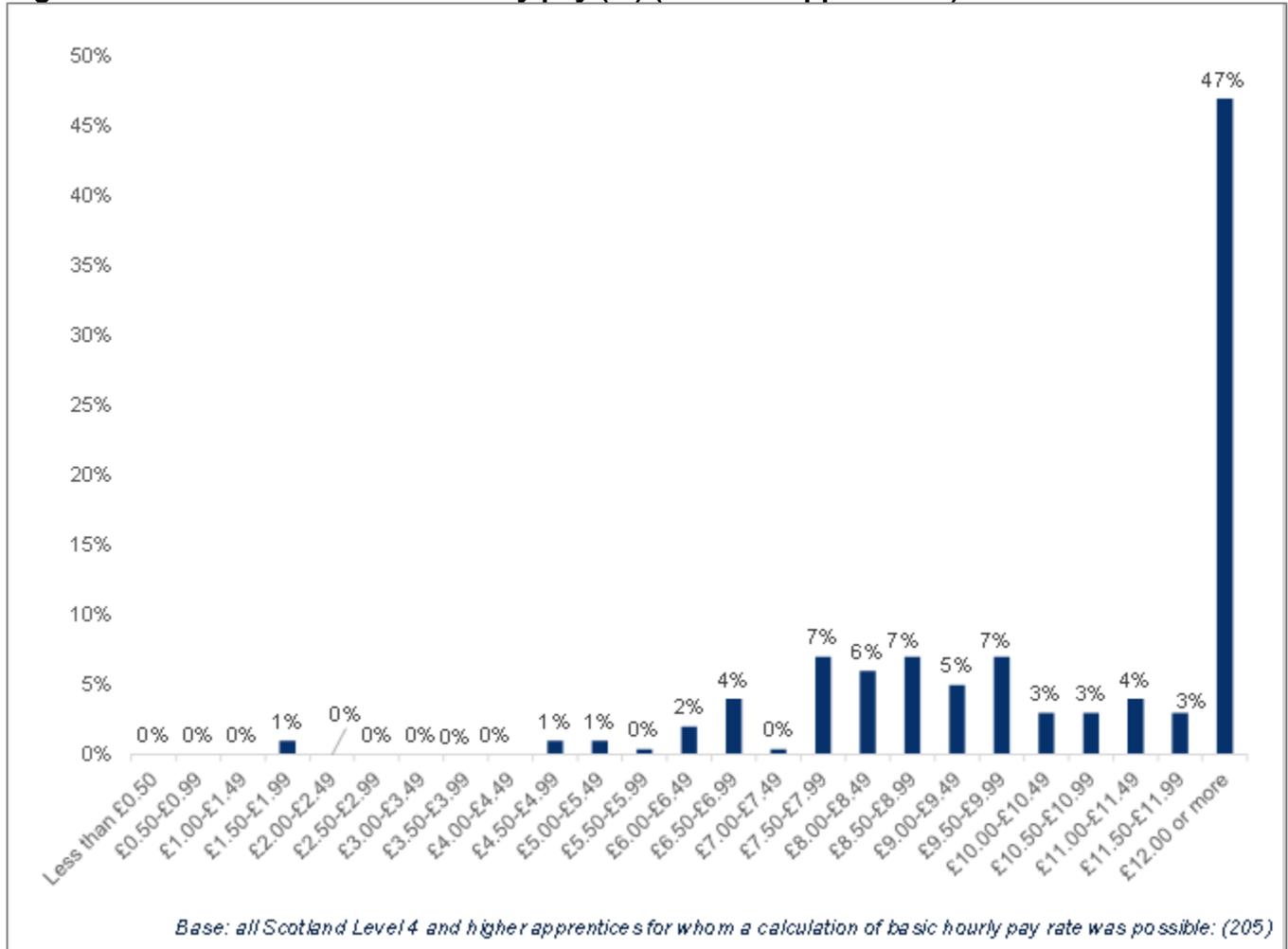
Half of those Level 4+ apprentices whose pay varied (52%, or 23% of all Level 4+ apprentices) said some of their hours were paid at a different rate, compared to 42% (18% of all Level 4+ apprentices) for whom their hours were paid at the same rate.

Basic hourly pay levels

The median hourly pay for Level 4+ apprentices was £11.50 (the mean hourly pay was £12.40). This is higher than for Level 2 and Level 3 apprentices in Scotland (a median pay of £7.67 an hour, and a mean of £8.22).

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+ apprentices)



Nearly half of Level 4+ apprentices earned £12.00 or more in 2018/19, with other smaller clusters within each band about £7.50 and upwards, corresponding with the NMW rate for those aged 25+.

Pay increases

Around a third (31%) of Level 4+ apprentices reported that their pay had increased during their apprenticeship, much lower than among Level 2 and Level 3 apprentices in Scotland (67%).

Amongst Level 4+ apprentices that had experienced a pay increase, 35% reported that this was because they had completed the first year of their apprenticeship (equivalent to 11% of all Level 4+ apprentices). Very few Level 4+ apprentices reported that they had experienced a pay increase because they had turned 19 (1% of all, 4% of those experiencing a pay increase), 21 (1% of all, 2% of those experiencing a pay increase) or 25 (1% of all, 2% of those experiencing a pay increase) or because of the introduction of the National Living Wage (1% of all, 3% of those experiencing a pay increase). This is perhaps unsurprising given the age profile of Level 4+ apprentices in Scotland (78% 25 or older) when compared to Level 2/3 apprentices (25% 25 or older), meaning that fewer Level 4+ apprentices had the opportunity to experience a pay increase because of a change in age.

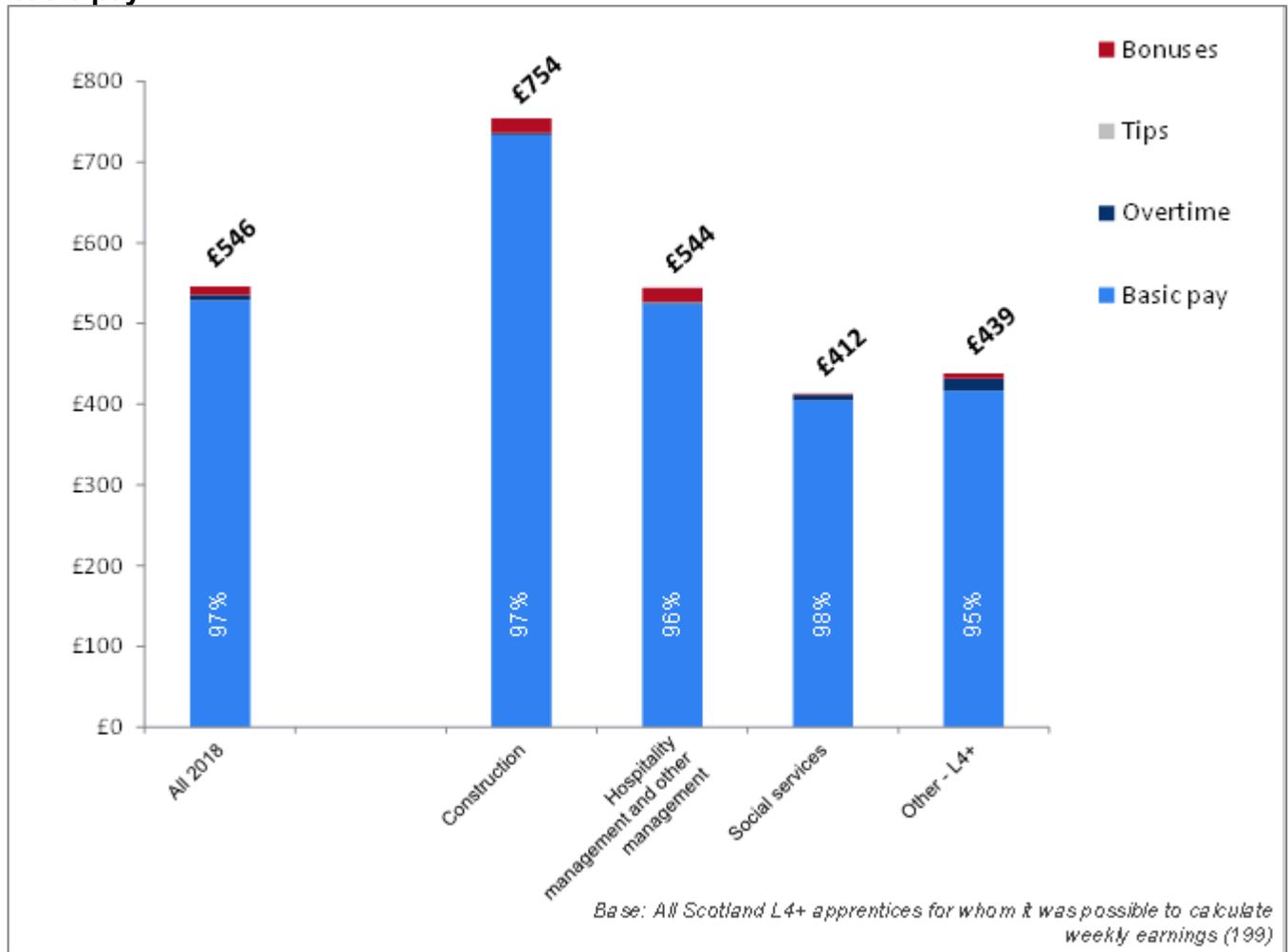
Average total weekly earnings

The mean total weekly earnings for Level 4+ apprentices in Scotland was £546 (median: £483). This total weekly earnings figure includes basic pay, pay from overtime, tips from customers and bonuses. The figure is based on apprentices for whom a total weekly earnings figure could be calculated (199, 75% of Level 4+ apprentices).

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 Scotland (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 Scotland was £526 (median: £475).

Overtime pay made up 1% of total weekly earnings and bonuses a further 2%. (Earnings from tips accounted for less than 0.5% of total weekly earnings for Level 4+ apprentices.)

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



Overtime

Seven-in-ten Level 4+ apprentices in Scotland (70%) 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 Scotland (68%).

Around half (54%) of Level 4+ apprentices who had worked any overtime were paid for at least some of this overtime; lower than the proportion of Level 2 and 3 apprentices (87%).

Half (51%) of Level 4+ apprentices working overtime received time off or flexi leave in return for working overtime,¹⁹ higher than the proportion of Level 2 and Level 3 apprentices working overtime (34%).

¹⁹ 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 low among Level 4+ apprentices in Scotland (only 4% of Level 4+ apprentices received tips), as was the provision of free accommodation (2%). The receipt of bonuses was much higher at 26%.

Among those receiving bonuses, the median bonus (as a weekly figure) was £28.85, and the mean was £45.67. Note these figures should be treated with caution due to the low base size (67).

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)'.

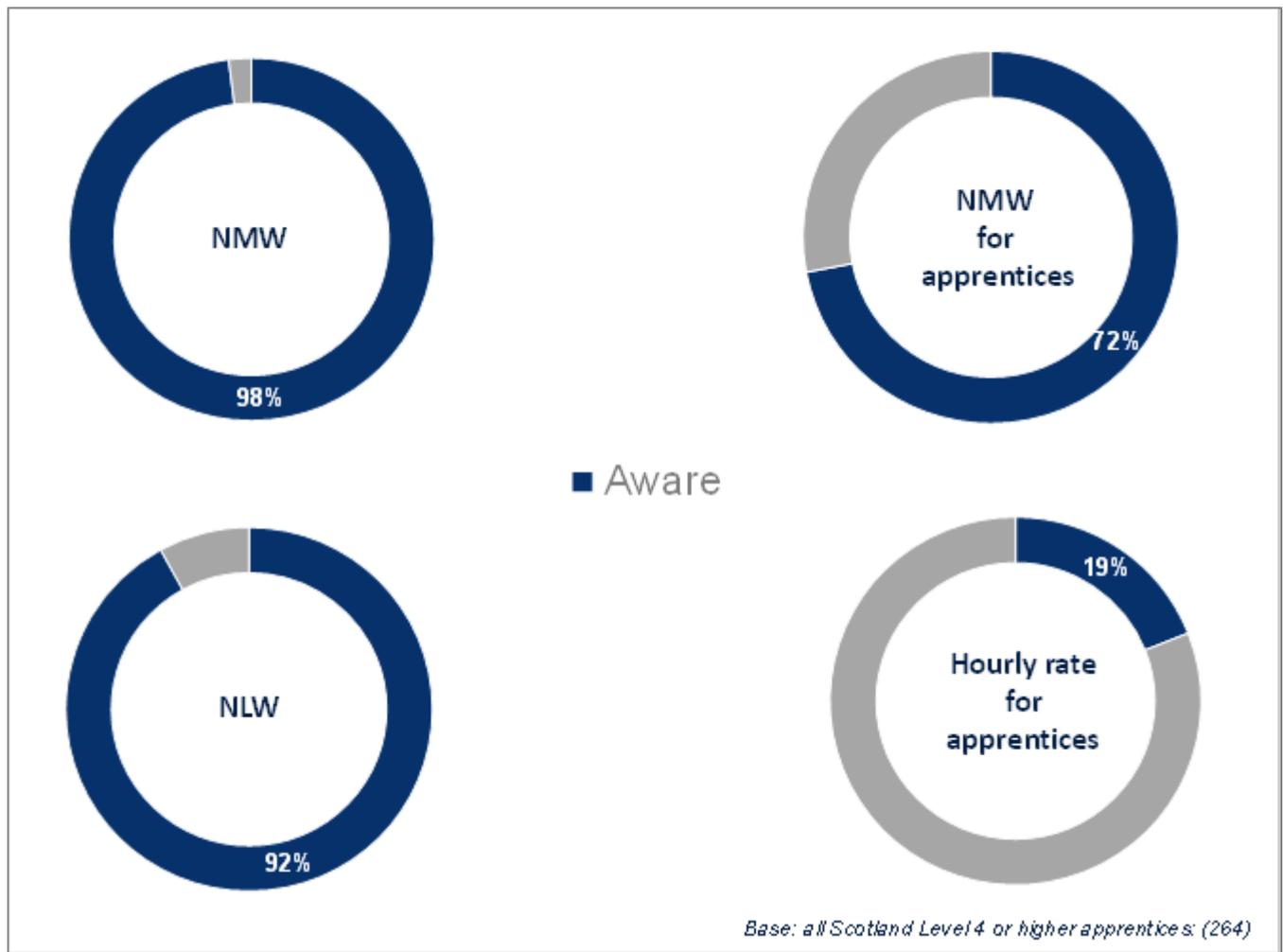
Based only on those Level 4+ apprentices for whom compliance or non-compliance could be calculated given their survey responses, 95% were paid at or above the appropriate NMW or NLW, while 5% were paid below the appropriate rate. Non-compliance is therefore considerably lower than the proportion of Level 2 and Level 3 Scotland apprentices paid below the appropriate rate (18%).

Among Level 4+ apprentices, those aged 21-24 were less likely (86%) to receive compliant pay, particularly in comparison to those aged 25 or older (97%). Male apprentices (98%) were also more likely to receive compliant pay (98%) than female apprentices (91%). There were no differences in this regard when considering standards, however this could relate to low base sizes and broadly high compliance rates.

Awareness of the National Minimum Wage and National Living Wage

Nearly all (98%) Level 4+ apprentices had heard of the National Minimum Wage, which demonstrate a greater level of awareness than among Level 2 and Level 3 apprentices in Scotland (94%). Similarly, awareness of the National Living Wage was higher among Level 4+ apprentices (92%) than among Level 2 and 3 apprentices (80%). This was, however, not the case with awareness of the NMW specifically for apprentices (72% Level 4+, 69% Level 2 or 3), or for stated awareness of what the hourly minimum rate for apprentices is (19% Level 4+ vs 23% for Level 2 or 3).

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



Appendix A: Supplementary tables

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

	Base n	Total weekly earnings £	Basic Pay £	Overtime £	Tips £	Bonuses £
Business and related	154	303	293	*	-	9
Construction and related	415	351	339	10	*	2
Engineering and Manufacturing Technologies	503	326	307	14	*	5
Hairdressing	133	185	174	*	12	*
Health, Social Care and Sport	181	255	252	3	-	*
Hospitality and Catering	89	322	290	15	10	8
Retail	136	364	345	17	*	2
Other 2/3	139	381	369	7	*	5
Scotland Total	1,750	328	314	10	1	3

Base: All Level 2 and 3 apprentices in Scotland 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

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

This publication is available from:

www.gov.uk/government/publications/apprenticeship-pay-survey-2018-to-2019

If you need a version of this document in a more accessible format, please email enquiries@beis.gov.uk. Please tell us what format you need. It will help us if you say what assistive technology you use.