



## Apprenticeships and small businesses

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This note contains information on the Government's policy regarding small businesses and apprenticeships, statistics on apprentices in small business, some more general statistics on apprentices in England, and some statistics on small businesses.

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## 1 Apprentices in small businesses: current policy

Towards the start of this Parliament the Government committed to increasing funding for apprenticeships<sup>1</sup> and creating 250,000 more apprenticeships.<sup>2</sup> If the overall number of apprenticeship starts increases, then the number of apprenticeship starts in small businesses can be expected to increase as well.

Apprenticeship policies are devolved and there are different policies targeted at small businesses in England, Scotland, Wales and Northern Ireland.

### 1.1 England

#### Apprenticeship Grant for Employers of 16 to 24 year olds (AGE 16-24)

The Apprenticeship Grant for Employers of 16 to 24 year olds (AGE 16-24) pays £1,500 to small businesses (1,000 or fewer employees) that take on a young apprentice, if the firm has not hired an apprentice in the previous twelve months.<sup>3</sup> An employer can claim up to 10 grants, paid after the 13 week stage of the apprentice's appointment, with the expectation that the apprentice will progress into sustained employment.

#### Apprenticeship Training Agencies

Apprenticeship Training Agencies (ATAs) are organisations which directly employ apprentices. The business hosting the apprentice will operate as the apprentice's day-to-day workplace and manager. The ATA will coordinate the training provided to the apprentice and will pay any training costs associated with the training. The host employer pays the ATA a fee based on the apprentice's wage and any training costs.<sup>4</sup> ATAs act as an incentive for small businesses to take on apprentices because they will deal with any additional administration associated with hiring or employing an apprentice.

#### National Apprenticeship Service

The National Apprenticeship Service (NAS) has end-to-end responsibility for apprenticeships in England. [Apprenticeships for Small Business](#), on the NAS website, provides useful information for small businesses looking to employ an apprentice.

Further information on apprenticeship policy in England is available in the [Apprenticeship Policy Standard Note](#).

### 1.2 Scotland

#### Employer recruitment incentive

There are a number of incentives payments for employers to recruit apprentices in Scotland:

- £1,500 for 16 to 19 year olds undertaking selected Modern Apprenticeships in Scotland is available to employers with less than 150 employees.<sup>5</sup>
- £1,500 payment for targeted young people aged 16-24.

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<sup>1</sup> HM Treasury, *Spending Review*, Oct 2010, page 51

<sup>2</sup> [HC Deb 23 March 2011, c961](#)

<sup>3</sup> NAS, [AGE 16-24 criteria changes – August 2012](#), 21 August 2012

<sup>4</sup> National Apprenticeships Service (NAS), [Apprenticeship training agencies](#), September 2011

<sup>5</sup> Skills Development Scotland, [Employer Recruitment Incentive](#)

- £5,000 incentive payment for recruiting former Remploy workers.
- [Adopt an Apprentice](#), a payment of £2,000 for employing a Modern Apprentice who has been made redundant.

Support for employers of apprentices in Scotland is available from [Skills Development Scotland](#).

### 1.3 Wales

#### Small and Micro Business Support Programme

The Small and Micro Business Support Programme offers a £500 payment to businesses with 49 or less employees to recruit an eligible apprentice, providing the business has not recruited an apprentice in the last two years.

#### Young Recruits Programme

A wage subsidy of £3,900 is available to employers of 16-24 year old apprentices living and working in Wales. The payment is paid over 52 weeks with £100 instalments for the first 26 weeks and £50 instalments for the following 26 weeks. The apprentice cannot be employed by the employer for more than ten weeks at time of application.

Information for employers looking to employ an apprentice in Wales is available from the [Welsh Government](#).

### 1.4 Northern Ireland

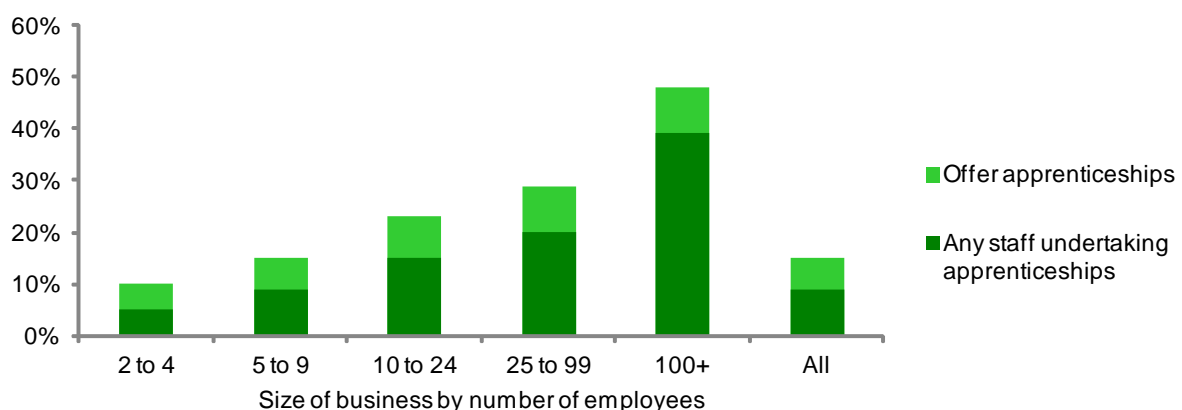
#### Employer Incentive

Payments between £250 and £1,500 are available to employers of apprentices in Northern Ireland depending on the complexity and level of the apprenticeship undertaken. Further information for employers in Northern Ireland is available from [nibusinessinfo.co.uk](http://nibusinessinfo.co.uk).

## 2 Apprentices in small businesses: statistics

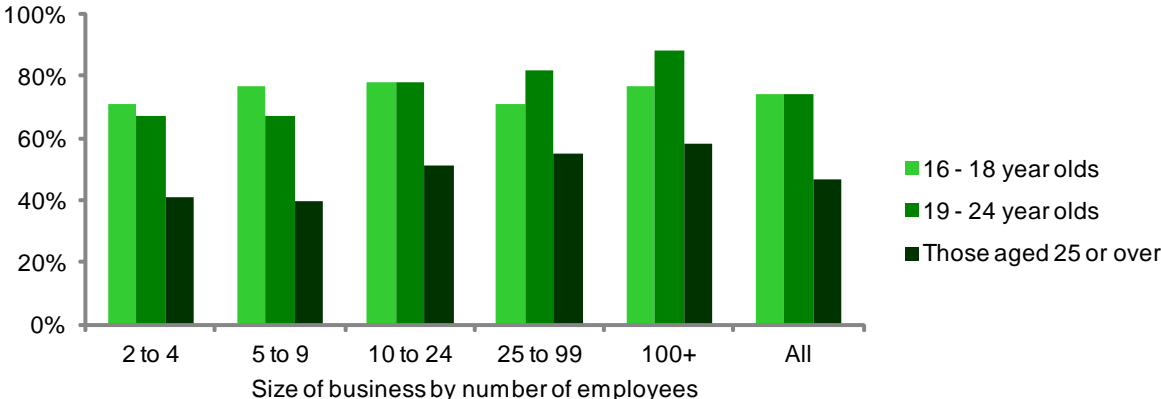
The UK Commission for Employment and Skills (UKCES) report *UK Commission's Employer Perspectives Survey 2012*, contains some useful data on apprenticeships and small business. The data from this report are based on a survey so will be subject to some sampling variability. The three charts below use data from this report.

**Proportion of businesses by size employing and offering apprenticeships**



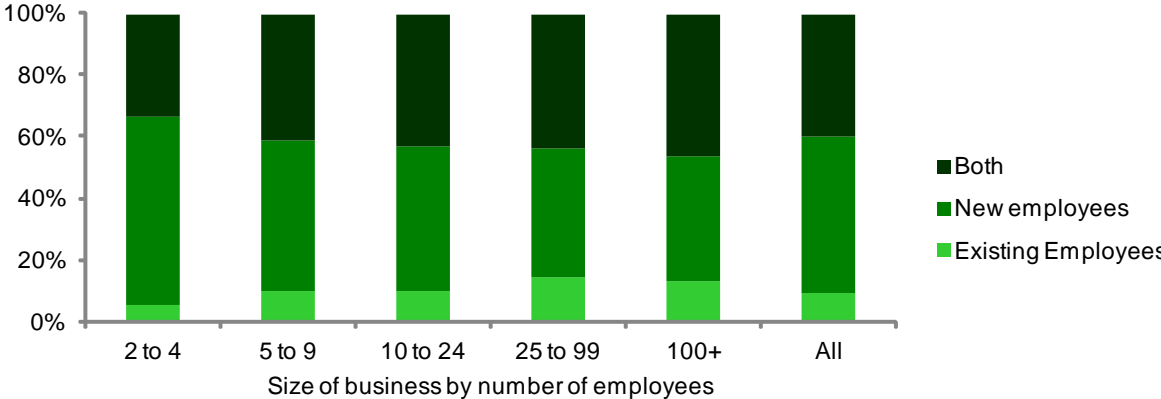
In 2012, 15% of all employers offered apprenticeships (though only 9% had staff currently undertaking an apprenticeship). Of employers with 100+ staff, 48% offer apprenticeships and 39% currently employed at least one apprentice. Of small business, with 2-4 employees, 5% currently employ apprentices, and 10% offer apprenticeships.

**Apprenticeships offered by age**



74% of businesses offering apprentices offered them to 16-18 year olds and 19-24 year olds in 2012, compared to just 47% offering apprenticeships to those aged 25 and over. Small businesses were less likely to offer apprentices to the 25 and overs; with 41% of those offering apprentices with 2 to 4 employees offering them to those over 25, compared to 58% of those with 100 or more employees.

**Apprenticeships offered to existing or new employees\***



\*Excludes response "Don't Know"

Almost half (49%) of all employers only offer apprenticeships to new employees recruited specifically as an apprentice. This was higher for employers with 2 to 4 employees (58%) compared to those with over 100 employees (40%). 9% of all employers only offer apprenticeships to existing employees. This was lower for employers with 2 to 4 employees (5%) compared to those with over 100 employees (13%).

The most recent breakdown of apprenticeship starts in England by employer site size is shown below. It should be noted that there has been a considerable increase in the number of apprenticeship starts since the release of this data (the table is based on provisional figures and totals will therefore vary slightly to totals in later tables).<sup>6</sup>

**Apprenticeship starts by employer-site size**  
 2009/10 academic year - estimates

Number of employees at site	Proportion of apprenticeship starts		
	Under 19	19 and over	Total
1 to 49	47%	36%	41%
50+	34%	50%	43%
Unknown	19%	14%	16%
<b>Total number of starts</b>	<b>114,000</b>	<b>159,800</b>	<b>273,900</b>

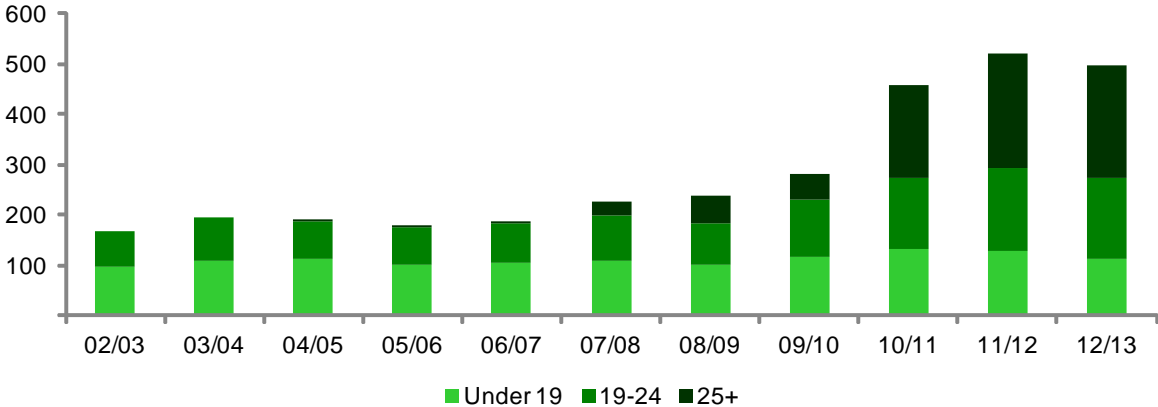
Notes  
 Figures based on number of employees at local site level. A national employer that has multiple sites across the country may therefore be recorded as a site-level employer more than once.  
 Age based on age at start of programme.  
 Based on provisional figures, so totals may differ from other published figures for total number of apprenticeship starts.

Source: BIS Individualised Learner record, via HC Deb 13 Dec 2010, c586w

### 3 Apprenticeships statistics

In England, in the academic year 2012/13 there were 868,700 people working towards apprenticeships.<sup>7</sup> In recent years there have been large increases in apprenticeship starts, particularly among those aged 25 and over as shown by the chart below:

**Apprenticeship starts by age (thousands)**



Notes  
 Academic years (1st August - 31 July)  
 Source: BIS Data Service

Further data is available in the [Apprenticeship Statistics Standard Note](#).

<sup>6</sup> HC Deb 13 Dec 2010, c586W  
<sup>7</sup> BIS Data Service

## 4 Small businesses

There is no single official definition of what constitutes a small business and much depends on where you draw the line. A common definition is an enterprise with fewer than 50 employees. The table below shows the latest available UK data by enterprise size:

**Private sector businesses in the UK by number of employees**  
2013

	Businesses	Employment	Turnover	Businesses	Employment	Turnover
	1000s	1000s	£ billions	%	%	%
No employees	3,685	4,034	209	75%	17%	6%
Micro (1-9 employees)	987	3,729	388	20%	15%	12%
Small (10-49 employees)	187	3,664	490	4%	15%	15%
Medium (50-249 employees)	31	2,997	491	1%	12%	15%
Large (250+ employees)	7	9,907	1,702	0.2%	41%	52%
1-49 employees	1,174	7,393	878	24%	30%	27%
<i>Total, all businesses</i>	<i>4,896</i>	<i>24,332</i>	<i>3,280</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>

Source: BIS, Business Population Estimates

Notes: Data relates to the start of 2013

Numbers rounded to the nearest 1000

Excluding businesses with no employees (and therefore no apprentices), there are 1.2 million enterprises with fewer than 50 employees in the UK. These account for:

- 24% of all enterprises
- 30% of total private sector employment, 7.4 million people
- 27% of private sector turnover, £878 billion

The proportion of businesses, employment and turnover by size of business in 2013 is illustrated in the following chart. Note that this chart excludes businesses with no employees.

**% of all businesses by size in 2013**

*Figures do not sum to 100 because businesses with zero employees are excluded*

