

EXPLANATORY MEMORANDUM TO
THE NATIONAL MINIMUM WAGE (AMENDMENT) (No. 3)
REGULATIONS 2014

2014 No. 2832

1. This explanatory memorandum has been prepared by the Department for Business Innovation and Skills and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 The National Minimum Wage (Amendment) (No. 3) Regulations 2014 (“the Regulations”) amend the National Minimum Wage Regulations 1999.

2.2 The Regulations provide that persons undertaking Trailblazer Apprenticeships are to have the same national minimum wage entitlements as persons working under contracts of apprenticeship or apprenticeship agreements. These provisions will come into force on the day after the day on which the instrument is made.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

4. Legislative Background

4.1 Trailblazer Apprenticeships are arrangements made by the Secretary of State under section 2 of the Employment and Training Act 1973.

5. Territorial Extent and Application

5.1 Instruments made under the National Minimum Wage Act 1998 extend to the United Kingdom. This instrument concerns Trailblazer Apprenticeships in England.

6. European Convention on Human Rights

6.1 The Parliamentary Under Secretary of State for Employment Relations and Consumer Affairs has made the following statement regarding Human Rights:

In my view the provisions of the National Minimum Wage (Amendment) (No. 3) Regulations 2014 are compatible with the Convention rights.

7. Policy Background

- What is being done and why

7.1 In England, apprenticeships are being reformed to deliver stronger returns for the economy, employers and apprentices. These reforms will ensure that apprenticeships become more rigorous and more responsive to the needs of employers.

7.2 On 28 October 2013, the Government set out how reforms will be implemented and referred to Trailblazer Apprenticeships, acting as pilots to trial the reforms (www.gov.uk/government/consultations/future-of-apprenticeships-in-england-richard-review-next-steps).

7.3 Trailblazer Apprenticeships are arrangements made under section 2 of the Employment and Training Act 1973 for the purpose of assisting persons to train for suitable employment. In particular, apprenticeship standards are published on the National Apprenticeship Service website (www.apprenticeships.org.uk/standards). Government funding is available to contribute to the training costs of Trailblazer Apprenticeships.

7.4 These Regulations ensure that apprentices working towards the achievement of a published apprenticeship standard will have the same minimum wage entitlement as apprentices on contracts of apprenticeship and apprenticeship agreements.

8. Consultation outcome

8.1 The Low Pay Commission (“the LPC”) carries out a wide-ranging consultation and fact-finding exercise before arriving at its recommendations on the national minimum wage, including taking written and oral evidence and making a series of visits throughout the UK. Details of this consultation are referred to in its annual report.

8.2 The Government also consulted on the reform of apprenticeships (www.gov.uk/government/consultations/future-of-apprenticeships-in-england-richard-review-next-steps).

9. Guidance

9.1 Information about NMW regulations and requirements can be found on the Gov.uk website.

10. Impact

10.1 A regulatory impact assessment has not been produced for this instrument. There is no additional cost to the public, private or voluntary sector as taking on an apprentice is voluntary. This provision allows an employer to pay a worker doing a Trailblazer Apprenticeship at the same rate as an apprentice on a contract of apprenticeship or apprenticeship agreement.

11. Regulating small business

11.1 The LPC’s recommendations regarding apprentice NMW rate are based upon extensive analysis and gathering of evidence, including evidence received from, and discussion with, small businesses and their representatives.

12. Monitoring & review

12.1 The LPC monitors, evaluates and reviews the NMW rates on an annual basis. In doing this, it takes account of the state of the economy and employment and unemployment levels. The results of this work are published in its annual report.

13. Contact

13.1 Natasha Chopra at the Department for Business, Innovation and Skills, Tel: 020 7215 1106 or email: Natasha.Chopra@bis.gsi.gov.uk can answer any queries regarding the instrument.