

Report to Employment Panel

Agenda Item:

A. 1

Meeting Date: 31th October 2017
Portfolio: Finance, Governance and Resources
Key Decision: No
Within Policy and
Budget Framework YES
Public / Private Public

Title: Apprenticeship Pay
Report of: Chief Finance Officer
Report Number: RD26/17

Purpose / Summary:

This report highlights the potential impact of the current Apprenticeship Pay rewards on Carlisle City Council, including the impact of the pay rates on attracting talent and paying a reasonable rate for the work undertaken by apprentices within the Council.

Further to the Apprenticeship Framework (2014) which included levels of pay for apprentices and the recent failure to recruit to a number of apprenticeship positions, a review of apprenticeship pay has been carried out and this report outlines the current and proposed position.

Also Members should note the current important role apprenticeships have on progression planning for the Council, whilst contributing to the apprenticeship levy targets set by the Government.

Recommendations:

Members of the Employment Panel are asked to consider the level of pay currently on offer to apprentices and to agree increasing this pay for new recruits and those recently recruited as set out in paragraph 2 of the report.,

Tracking

Executive:	Not applicable
Overview and Scrutiny:	Not applicable
Council:	Not applicable

1. BACKGROUND

- 1.1 The Government has committed to deliver three million apprenticeships by 2020. With ministers insisting "the public sector needs to improve from its current position of delivering comparatively fewer apprenticeships than the private sector", legislation recently passed in The Enterprise Act gives the Secretary of State powers to set public bodies individual apprentice targets.
- 1.2 The target is proposed to be a minimum 2.3% starts each year based on the headcount of employees working for a body in England. The target for Carlisle city council would be 10. We currently have 7 apprentices.
- 1.3 Carlisle City Council are also obliged to pay the Apprenticeship Levy to the government, this payment is based on a percentage of payroll costs and is to pay for the delivery of training to Apprentices. The Apprenticeship Levy may also be used to pay for current staff accessing Apprenticeship training. For example we have a Finance Assistant accessing the AAT level 3 training course and are using the Apprenticeship Levy to pay for this training.
- 1.4 Apprenticeships are actively encouraged within the Council and will be included in the Councils Workforce Development Plan.
- 1.5 Apprenticeship opportunities are being further developed by the Government and now compete with University for continuing education; higher level apprenticeships are more commonly available.
- 1.6 Carlisle City Council currently pays £3.89 per hour (which is slightly above the national minimum wage apprenticeship rate of £3.50 per hour) in the first year for all apprenticeships regardless of age or level.
- 1.7 The pay rate increases to the age related pay (national minimum wage) from the second year of the apprenticeship.
- 1.8 Carlisle City Council has included the use of apprentices within its people management strategies and many departments have identified increased opportunities for apprentices.
- 1.9 Recently the Council have failed to recruit into a number of apprenticeship roles within administration and local environment. We have also recently lost two apprentices who have taken up posts within the manufacturing sector, due to the rate of pay.

1.10 The below shows the pay currently on offer for apprentices within the Council.

Apprentice Rates From 1/4/17	Hourly Rate (£)	Annual Rate (£)	ERS NI (£)	ERS Pension (£)	Total Costs (£)
Year 1	3.89	7505.00	0.00	1170.78	8675.78
Year 2 – depends on age					
16-17 year olds	4.05	7814.00	0.00	1218.98	9032.98
18-20 year olds	5.60	10804.00	0.00	1,685.42	12489.24
21 and over	7.05	13602.00	0.00	2121.91	15723.92
25 and over	7.50	14470.00	870.23	2257.32	17597.55

1.11 The below shows the rate of pay currently on offer for apprentices within other Councils within Cumbria.

Council	Rate Year 1	Following years
Cumbria	Apprentice rate (£3.50)	Age related
Allerdale	Living wage (£8.45)	Living Wage
Copeland	Age related	Age related
Eden	Considering options	
South Lakes	Age related	Age related

1.12 Many best practice organisations currently pay the age related pay for apprentices.

1.13 We currently have an example of one young man aged 22 on an apprenticeship with the Council being paid the Council apprenticeship rate of £3.89 per hour.

1.14 We also have an apprentice on a level 3 programme, who has joined us from the 6th form; although they are completing a level 3 qualification their experience and skill set may not be too dissimilar to that of a level 2 apprentice in the first year. Therefore suggesting that the same pay for the first year would be reasonable. We envisage that more level 3 apprentices may be recruited from this route.

1.15 Apprentices are generally split into the below categories:

- Level 2: Intermediate
- Level 3: Advanced
- Level 4 and above: Higher

1.16 The Council are committed to paying the foundation living wage and the current apprenticeship rate of pay for the first year of an apprenticeship appears out of step

with this commitment to other employees and the culture and values of the organisation.

1.17 Personnel and Payroll manage the recruitment of apprentices for the Council and have provided evidence regarding attracting apprentices, including re-advertising, using recruitment fairs and the failure to recruit in the following areas:

- Revenues and Benefits
- Local Environment

1.18 Members should note that additional enhancements have already been made to the Apprenticeship Framework and include; improved mentoring, apprenticeship support meetings, team building day for apprentices as one group and charity challenge.

2. PROPOSALS

2.1 Increase to pay the age appropriate for both the first and second year of apprenticeship for all levels up to and including a level 2 (intermediate).

2.2 As above for the first year but increasing to a job evaluated rate for the second year of the apprenticeship, a job description should be available; this may include career grade opportunities.

2.3 For those studying the level 3 (advanced) pay the age related pay for the first year and for progressive years pay the job evaluated rate for the post, a job description should be available, this may include career grade opportunities.

2.4 For those studying at level 4 (higher) and above pay the job evaluated rate for the post from year one, this may include career grade opportunities.

2.5 For current employees and those recruited into vacant posts that are then afforded the opportunity to complete additional qualifications via the apprenticeship route (levy funding) pay the job evaluated rate for the post.

2.6 If all or aspects of the above are agreed we would ask for further consideration given to backdating the pay increases to the 1st of April 2017. Finance has provided the cost of this exercise (see below 2.8). Or to agree to pay the increase from the 1st of November 2017.

2.7 Current Pay and Proposed

Level	Year 1 pay	Year 2 pay
2	£3.89	National Living Wage age appropriate
3	£3.89	
4+	£3.89	

Proposed

Level	Year 1 pay	Year 2 pay
2 (option1)	NLW Age appropriate	NLW Age appropriate OR
2 (option2)	NLW Age appropriate	Job Evaluated
3	NLW Age appropriate	Job Evaluated
4+	Job Evaluated	Job Evaluated
Any level for current staff / vacant post	Job Evaluated	Job Evaluated

Any changes regarding pay will be incorporated into the Apprenticeship Framework.

2.8 The table below shows the additional cost if these proposals are accepted and implemented with effect from 1st April 2017.

Proposed - Age Related Pay							
Name	DOB	START DATE	Age at Start date	Cost 2017/18	Cost 2018/19	Cost 2019/20	Total
Apprentice 1	19/01/1987	22/05/2017	30	15,140.93	17,600.13	2,459.20	35,200.26
Apprentice 2	27/11/1999	07/08/2017	17	7,150.22	12,856.34	4,543.75	24,550.30
Apprentice 3	12/07/1985	24/07/2017	32	12,103.11	17,600.13	5,497.03	35,200.27
Apprentice 4	30/03/1999	16/01/2017	17	12,856.34	10,214.62	0.00	23,070.96
Apprentice 5	10/09/1998	10/10/2016	18	3,404.63	0.00	0.00	3,404.63
Apprentice 6	14/06/2000	09/01/2017	16	9,034.14	9,193.16		18,227.30
				59,689.36	67,464.38	12,499.97	139,653.71
Additional costs							
Name	DOB	START DATE	Age at Start date	Cost 2017/18	Cost 2018/19	Cost 2019/20	Total
Apprentice 1	19/01/1987	22/05/2017	30	7,676.38	1,246.81	0.00	8,923.20
Apprentice 2	27/11/1999	07/08/2017	17	1,539.93	1,477.10	0.00	3,017.03
Apprentice 3	12/07/1985	24/07/2017	32	6,136.23	2,786.97	0.00	8,923.20
Apprentice 4	30/03/1999	16/01/2017	17	3,296.84	0.00	0.00	3,296.84
Apprentice 5	10/09/1998	10/10/2016	18	1,193.79	0.00	0.00	1,193.79
Apprentice 6	14/06/2000	09/01/2017	16	276.95	0.00	0.00	276.95
				20,120.13	5,510.88	0.00	25,631.01

3. IMPACT ON CARLISLE CITY COUNCIL

3.1 The increase in the pay rate for apprenticeship will have a low impact on the annual pay bill, and be offset by the ability to attract and maintain talent. This in turn may reduce the need to re-advertise vacant posts. There is potentially a positive impact on diversity regarding age profile of the Council workforce

4. CONSULTATION

4.1 This is not a change to current terms and conditions and therefore does not require full consultation.

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

5.1 The need to improve the pay rate for apprenticeships is included within the body of this report and the recommendations provided will enhance the Council's ability to attract talent.

6. EQUALITY IMPACT ASSESSMENT

6.1 Potentially a positive impact on diversity regarding age profile of the Council workforce.

7 CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

7.1 The commitment to recruitment of Apprentices contributes to the creation of a motivated and committed workforce to deliver the Carlisle priorities.

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Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

CORPORATE IMPLICATIONS/RISKS:

Corporate Support and Resources – As set out in the main body of the report

Community Services – Not applicable

Economic Development – Not applicable

Governance and Regulatory Services– Apprentices are employees of the Council and the recommendations in the Report or variations to their terms and/or conditions of appointment fall to be dealt with by the Employment Panel.