



Report to Joint Consultative and Safety Committee

Subject: Local Training Pay Grade for Apprentices

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1. Purpose

To propose a local training grade appropriate for apprentices directly employed by the council and to invite comments and recommendations from the Joint Consultative and Safety Committee (JCSC) for consideration by the Appointments and Conditions of Service Committee (ACSC) prior to policy implementation.

2. Introduction and background

Over a number of years the council has worked with local Apprentice Training Agencies (ATA) which have acted as the employer for each apprentice. The council hosts the placements.

This model has been effective in that it simplifies the management and administrative arrangements associated with the placement of apprentices. Pay rates have been mainly based on the national apprenticeship pay framework although the model has allowed the flexibility to pay at higher rates of pay where higher level apprenticeships have been supported such as in our Accountancy Team.

From April next year the government plans to introduce the Apprenticeship Levy. This will affect all large employers, including this council, and will mean that a levy of 0.5% of pay bill is payable against which can be claimed back some training costs. The target anticipated is that apprentices will make up 2.3% of our workforce. Further guidance on the detail of implementation of the Apprenticeship Levy is due in October and further report to this committee is anticipated.

An associated outcome of the introduction of this levy is that most ATAs are likely to cease operation. Although there may still be at least one ATA operating locally ("Futures" – run through Nottingham City and County Councils) it may be more appropriate for the council to employ its own apprentices direct in order to meet targets set and to be able to reclaim training costs. Another potential benefit of direct employment currently being explored is that the council may be able to claim funding for training back in-house if the apprenticeship qualification is delivered through its own Accredited Centre. Again, further guidance is awaited to determine if this might be possible.

3. Proposal

In order to make the employment of apprentices affordable it is proposed that a local apprenticeship training grade is established. It is proposed that the training grade mirrors the national apprentice pay rates as a minimum and usual rate of pay, but with local discretion to pay above those rates in appropriate circumstances, for example if the nature of the apprenticeship (and associated qualification) is at a higher level to make the arrangement attractive to suitable candidates. Discretion to pay at an appropriate higher rate of pay will rest with the service manager after consultation with the Service Manager- Organisational Development.

Based on current national rates, the rates of pay for apprentices would be as follows:

- Under age 19 or aged over 19 and in the first year of an apprenticeship:
£3.30 per hour (£6,367 per annum)
- Aged 19+ and have completed the first year of an apprenticeship: Minimum Wage

Currently National Minimum Wage is:

- Aged 18-20: £5.30 per hour (£10,226 per annum)
- Aged 21-24: £6.70 per hour (£12,927 per annum)
- Aged 25+: £7.20 per hour (National Living Wage) (£13,891 per annum)

National Minimum Wage rates change every October. National Living Wage rates change every April.

4. Financial Implications

Although the cost of the Apprenticeship Levy will carry a financial burden, this has been accounted for in the council's medium term financial plan and is not the subject of this paper.

The cost of establishing a local pay grade for apprentices should have little direct effect as the hourly rate of pay is already met by services from existing budgets. Although the hourly costs may be slightly higher due to the application of relevant on-costs e.g. potential pension costs, it is likely that these will be largely offset by the administration fees charged by ATAs that would no longer be payable.

5. Appendices

There are no appendices to this report.

6. Background Papers

There are no background papers to this report.

7. Recommendations

It is recommended that the JCSC:

- 7.1 Considers the proposal detailed in section 3 of this report which, in summary, is that a local apprenticeship training grade is established that mirrors the national apprentice pay rates as a minimum and usual rate of pay, but with local discretion to pay above those rates in appropriate circumstances.
- 7.2 Makes comment and recommendation to the Appointments and Conditions of Service Committee which will subsequently consider whether to adopt the proposal to create a local training grade for apprentices.