



**General Purposes Committee**  
12 October 2017

**Report from the  
Strategic Director of Resources**

For information

Wards Affected: ALL

**Apprentice Pay Rates**

**1 Summary**

- 1.1 The Apprenticeship Strategy and associated action plan for 2017-20 sets out the key areas of activity the council will lead, often in partnership with external organisations, to increase the take-up of apprenticeships in Brent and to utilise the opportunity of the Apprenticeship Levy to support career progression. The strategy has already been considered by the Policy Co-ordination Group (PCG) ahead of going to Cabinet for approval on 23<sup>rd</sup> October.
- 1.2 Following a review, it is recommended that apprentice pay rates are increased. This particular aspect needs General Purposes Committee approval too, hence this short report.

**2 Recommendations**

General Purposes Committee is asked to;

- 2.1 Agree to the recommended new apprenticeship pay scales for the council's own apprentices. This will help attract and retain individuals in a more competitive apprenticeship market whilst enabling the independent living of young people who do not or cannot live at home. Please note that any current employee taking up an apprenticeship will remain on their contractual salary.

**3 Detail**

- 3.1 The Apprenticeship Strategy and Action Plan outlines the council's aspirations to grow the apprenticeship workforce in Brent, both within the council and by supporting other Brent based organisations. It also proposes how the council will utilise the Apprenticeship Levy to support workforce development, and how this can also be promoted to large organisations across the borough who are paying the levy.

The Strategy will:

- 3.2 Commit to paying apprentices in the council pay rates that will help to attract and retain them in the organisation, as well as enable fair employment so that they are able to complete an apprenticeship even if not living at home. The proposed rates of pay for council apprentices are as follows:

Current Apprenticeship Rates (Based on national apprenticeship rates)

|         | <b>Basic pa</b>  | <b>Hourly Rate</b> | <b>Bonus</b> | <b>Total Annual</b> | <b>Hourly Rate</b> |
|---------|------------------|--------------------|--------------|---------------------|--------------------|
| Level 2 | £8,500 to £9,500 | £4.54 to £5.07     | £1,500       | £10,000 to £11,000  | £5.34 to £5.87     |
| Level 3 | £12,168          | £6.50              | £1,500       | £13,668             | £7.30              |

| <b>National Living Wage &amp; Apprenticeship Rates (April 2017)</b> | <b>Hourly Rate</b> |
|---|--------------------|
| Aged 25 and above   | £7.50              |
| 21-24 yrs inclusive   | £7.05              |
| 18-20 yrs inclusive   | £5.60              |
| Under 18 (but older than participation age)                         | £4.05              |
| Apprentices 19 yrs and in first year                                | £3.50              |
| Apprentices under 19 yrs  | £3.50              |

Proposed Apprenticeship Rates (For new apprenticeships)

|                   | <b>Hourly Rate</b> | <b>Basic pa</b> |
|-------------------|--------------------|-----------------|
| Level 2           | £7.50              | £14,000         |
| Level 3           | £8.01              | £15,000         |
| Level 4 and above | £9.75              | £18,252         |

Please see finance section for cost implications

- 3.3 National Living Wage for all apprenticeships is given above. The proposal is that for level 2 entry apprentices are paid at the highest rate shown i.e. £7.50 per hour, whilst Level 3 apprentices are paid at £8.01 per hour.
- 3.4 The current London Living Wage (LLW) is £9.75 giving an annual salary of £18,252. (36 hour week) Brent pays all its employees at the LLW or higher. It is not proposed to pay level 2 and 3 apprentices the LLW, as they would not be sufficiently trained to be on the same rate of pay as other members of the council's workforce at the London Living Wage salary level.
- 3.5 Although it is not proposed to pay London Living Wage to level 3 apprentices, the proposed salary is increased to reflect their level of training and skills and the reduced requirement upon managers to supervise their work.

- 3.6 It is proposed to pay level 4 apprenticeships and above London Living Wage. At this level it's anticipated that supervision required will be far lower. It's more likely that current employees will take up apprenticeships of level 4 and above, in which case, they will be on a minimum of the London Living Wage anyway or their current salary.
- 3.7 The last survey of apprenticeship rates across London shows that proposed rates are in the top half of pay rates, but since the levy introduction, the market place for apprentices is becoming more competitive. The highest payers, Hackney, Haringey, Harrow, Southwark and Tower Hamlets typically pay hourly rates of £7.20 to £9.91 with Harrow paying £8.52 per hour for level 2 and 3 apprentices.

#### 4 Financial Implications

- 4.1 The table below shows the projected costs (without employer's on costs) for the proposed increase in apprenticeship pay scales. The costs are based on the a) the costs of increasing rates of the current apprentice population and b) the cost of recruiting 30 new apprentices (assuming current employees will make up 20 of the remaining apprentice target of 50). This means that it will cost £92k to bring the current apprentice population up to new proposed rates and if the council were to recruit 30 new apprentices, the projected costs (excluding employer's on costs) would be £429k (please note comment in para 3.2 above).

Level 4 apprenticeships and above are not included in the projections below as the assumption is they would be current employees. It's worth noting that if the council were to pay London Living Wage to all current and new apprentices based on projected numbers below, the costs excluding employer's costs would be £757k.

Funding is to be found within existing budgets. The apprenticeship levy pays for training only, not salaries.

##### Current Apprentices

|   | Number of apprentices | NVQ level     | Current Annual Costs | Annual Costs including bonuses | New total costs | Additional Costs |
|---|-----------------------|---------------|----------------------|--------------------------------|-----------------|------------------|
| 1 | 22                    | 2             | £198,000             | £228,000                       | £308,880        | <b>£80,880</b>   |
| 2 | 8                     | 3             | £97,344              | £109,344                       | £120,000        | <b>£10,656</b>   |
|   |                       | <b>Totals</b> | <b>£295,344</b>      | <b>£337,344</b>                | <b>£428,880</b> | <b>£91,536</b>   |

## **5     Legal Implications**

- 5.1   Staff terms and conditions are not determined by Cabinet and if a member level decision is needed in respect of the pay rates for the council's own apprentices, then it would need to be made by the General Purposes Committee which is responsible for determining the overall framework of terms and conditions for employees.

## **6     Diversity Implications**

- 6.1   The availability of this new apprenticeship training fund, coupled with flexibilities introduced by the Apprenticeships Reforms provides opportunities for the council to fill skills gaps and introduce apprenticeships for hard to recruit roles, as well as to up-skill the existing workforce. The removal of age barriers to participation in apprenticeships will enable the council to up-skill a wide range of age groups, including older residents and employees.
- 6.3   There are some additional funds available for recruiting 16-18 year old apprentices, those with a Local Authority Education, Health and Care plan, and 19 -24 year old care leavers. The Council has already put a number of projects in place to support vulnerable local residents: e.g. work is underway to support care leavers into employment in partnership with the Department for Work and Pensions, being delivered by Future Paths; a project commissioned to The Mencap Society will offer supported employment and apprenticeship opportunities to residents with learning difficulties and disabilities; a work placements scheme supporting local people with mental and/or learning disabilities is also in place.
- 6.4   Due to the diversity profile of the borough, it is anticipated that there will be a higher proportion of BAME residents benefitting from the apprenticeship opportunities because BAME individuals and groups (including White Other, Gypsies, Roma and Travellers, etc) are more likely to live on low incomes or be unemployed.
- 6.5   Apart from the opportunity to offer apprenticeships to vulnerable and socio-economic individuals and groups, there is an opportunity for the Council to address occupational segregation by attracting more women in historically male dominated roles and vice versa, as well as BAME individuals in higher level apprenticeships.
- 6.6   The Council will also be able to further enhance its corporate social responsibility and support its supply chain and local businesses (including SMEs) to utilise the levy funding. While there will be resource implications for the Council, in the long-term this investment on return will improve the equality of outcomes for more local residents and significantly increase their chances of employment in and outside the borough.
- 6.7   In London operating costs for training providers are higher, particularly for employers who aim to recruit people needing additional support to

succeed in an apprenticeship. One of the key issues and focus for the Council as an employer is how to maximise the benefits of using its 'virtual levy budget' without compromising the quality of training, including the ability to successfully support apprentices with additional training needs.

- 6.8 The Council must carefully consider the impact on staff and monitor any unintended consequences arising. The organisation also needs to equip the employees with a responsibility for apprentices with the skills to provide adequate level of support, particularly to the apprentices with additional needs and those who require reasonable adjustments.

**7 Background Papers**

None

**8 Contact Officers**

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