



General Purposes Committee

29th September 2020

Report from the Director of Legal, HR, Audit and Investigations

REPORT TITLE Apprentice Pay Rates

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| Wards Affected: | All |
| Key or Non-Key Decision: (only applicable for Cabinet, Cabinet Sub Committee and officer decisions) | N/A |
| Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act) | Open |
| No. of Appendices: | None |
| Background Papers: | None |
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1. Purpose of the Report

- 1.1 The Apprenticeship Strategy and associated action plan for 2020 onwards set out the key areas of activity that will lead the council to increase the take-up of apprenticeships in Brent and to utilise the opportunity of the Apprenticeship Levy to support career progression. This was agreed by Cabinet in October 2017.
- 1.2 In support of the strategy a review of apprentice pay rates was carried out which resulted in a proposed set of new rates. This proposal was agreed by a report brought forward to the GP Committee in October 2017.
- 1.3 A key strand of the strategy was to utilise the Apprenticeship Levy to support workforce development through apprenticeship opportunities for existing staff (Upskilling). There are also many more standards now available which has enabled the council to better align apprenticeships with key skill shortage areas. As a result of this there has been a shift from large numbers of apprenticeships in largely business administration and customer service standards at levels 2 and 3 to a spread across a wide range of different apprenticeships from level 2

to 7. This has necessitated a review of pay rates, the outcome of which is a proposal to change these.

2. Recommendations:

General Purposes Committee is asked to:

- 2.1 Note the progress made in implementing the Apprenticeship Strategy with particular emphasis on the use of the levy to support workforce development and address skills shortages.
- 2.2 Agree to the recommended new apprenticeship pay rates for the council's own apprentices, as set out in paragraphs 3.5 and 3.6. This will help attract and retain individuals in a more competitive apprenticeship market whilst enabling the independent living of people who do not or cannot live at home.

3. Detail

- 3.1 Significant progress has been made in implementing the strategy to support workforce development and address skills gaps. The tables below show the progress made in these key areas.

Current apprenticeship standards in place at Brent

| Course | Level | Course | Level |
|-------------------------------|---------|-----------------------------------|---------|
| Facilities management | Level 2 | Business Administration | Level 3 |
| Customer Service | Level 2 | Customer Service | Level 3 |
| Insurance Practitioner | Level 3 | Civil Engineer | Level 3 |
| Infrastructure Technician | Level 3 | Data Analyst | Level 4 |
| Surveying technician | Level 3 | Commercial Procurement & supply | Level 4 |
| Housing & Property Management | Level 3 | Associate Project Management | Level 4 |
| Payroll Administrator | Level 3 | Software Developer | Level 4 |
| Junior Energy Manager | Level 3 | Accountancy Taxation Professional | Level 7 |

Current Upskilling apprenticeships at Brent

| Course | Level | Course | Level |
|--|---------|---|---------|
| Learning & Development | Level 3 | Counter Fraud Investigator | Level 4 |
| Associate Project Management | Level 4 | Chartered Legal Executive | Level 6 |
| Senior Property Housing Management | Level 4 | Digital & Technology Solutions Professional | Level 6 |
| Revenue & Welfares benefits practitioner | Level 4 | Social Work | Level 6 |
| IS Business Analyst | Level 4 | Senior Leader | Level 7 |

- 3.2 The current pay rates were agreed by GP Committee in October 2017. At the time all apprentices were levels 2 and 3. The rates agreed by GP Committee at the time were the National Living Wage rate (applicable for those aged 25 and over) irrespective of age for level 2 apprentices and the London Living Wage for level 4 apprentices. A different rate of £8.01 was agreed for level 3 apprentices to maintain a differential between levels 2 and 3.
- 3.3 Since the pay rates were agreed by GP committee in Oct 2017, the apprenticeship standard has become available for finance. Therefore the individuals on the finance scheme were converted to apprentices, which helped to maximise the council's use of the levy. As they were already in post, these individuals remained at the grade at which they were originally appointed, as is the case for other Upskilling apprenticeships. There have been 3 further recruits to the scheme. As the job description for the scheme currently requires a degree and prior CIPFA qualifications, which are not a requirement for the apprenticeship, these 3 recruits have been paid at the same rate as the others on the scheme. The rates applicable can be seen in the table 3 below i.e. Level 7 rate. The scheme is currently being reviewed.
- 3.4 The rates applicable then and the rates applicable now, which reflect the increase in the National Living and London Living Wages, are shown in the tables below. As the rate agreed for level 3 apprentices was not aligned to a national rate, this has not increased since. As a result of this level 3 apprentices are currently paid at a lower level than those at level 2.

Previous and current apprentice pay rates

April 2017

| Level | Basic pa | Hourly Rate | Bonus | Total Annual | Hourly Rate |
|--------------|---------------------|--------------------|--------------|-----------------------|--------------------|
| 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 |

October 2017

| Level | Hourly Rate | Basic pa |
|-------------------|--------------------|-----------------|
| Level 2 | £7.50 NLW | £14,000 |
| Level 3 | £8.01 | £15,000 |
| Level 4 and above | £9.75 LLW | £18,252 |

Current (April 2020)

| Level | Hourly Rate | Basic pa |
|---------------------------------|--------------------|-----------------|
| Level 2 | £8.72 NLW | £16,324 |
| Level 3 | £8.01 | £15,000 |
| Level 4, 5 & 6 | £10.75 LLW | £20,124 |
| Level 7 potential graduate role | £15.49 | £29,000 |

- 3.5 Following a review of existing pay rates, informed by rates paid by other London Boroughs, it is proposed that level 2 & 3 apprentices are paid at the National Living Wage rate (applicable for those aged 25 and over) irrespective of age which is currently £8.72 per hour and the London Living Wage (currently £10.75 per hour) as a minimum for Level 4 and above apprentices. Given the small

number of level 2 apprentices there is no longer the need for a differential between levels 2 and 3.

- 3.6 In recognition of the entry criteria for higher level apprenticeships which could include a degree and in order to attract and retain individuals in areas where there are skills shortages, it is proposed that apprentices could be paid at a rate higher than the London Living Wage. An example of this is the finance apprenticeship. This would be agreed by the relevant Director in consultation with the Head of HR.
- 3.7 Any rate above London Living Wage would need to be justified using market evidence of the same role in similar sectors. Any requests from services to pay rates above the London Living Wage would be considered using the principles outlined in the Market Supplements Policy.
- 3.8 The level 3 apprentice rates will now be aligned with the level 2 apprentices aligning both levels with the National Living Wage.
- 3.9 These new rates of pay will be easier to track in the coming years and will keep us competitive with other boroughs and private sector employers. The last survey of apprenticeship rates across London shows that proposed rates are in the top half of pay rates across most London boroughs.

4. Alternative Options Considered

None.

5. Financial Implications

Aligning the pay of Level 3 apprentices to Level 2 apprentices, will cost an additional £0.71 per hour, or £1,324 per annum. Based on the assumption that the Council will have 30 apprentices on the Level 3 programme at any time, the total cost will be £39,720. It is expected that this can be contained within the existing budgeted establishment in departmental budgets.

6. Legal Implications

- 6.1 The General Purposes Committee is responsible for determining the overall framework of terms and conditions for employees including rates of remuneration.
- 6.2 Under the Public Sector Apprenticeship Target Regulations 2017, certain prescribed public sector bodies in England have a duty to have regard to targets relating to the number of persons starting work for them under an apprenticeship agreement in each financial year between 1 April 2017 and 31 March 2021, and any relevant guidance issued by the Secretary of State. The Council falls within the definition of prescribed body for these purposes. The target is that apprentices comprise a minimum of 2.3% of persons starting work each financial year based on a simple headcount. Government has indicated in 2017, that “having regard to” means “in making workforce planning decisions, a body subject to the duty must actively consider apprenticeships, either for new recruits or as part of career development for existing staff”. The intention

to increase pay for apprentices in order to remain competitive with other boroughs and with private sector employers would be in keeping with this duty.

7. Equality Implications

- 7.1 The availability of the 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 has enabled the council to up-skill a wide range of age groups, including older residents and employees.
- 7.2 Pursuant to section 149 of the Equality Act 2010, the Council has a duty to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons with a protected characteristic and those without, and fostering good relations between persons with protected characteristics and those without.
- 7.3 The protected characteristics are age, race, disability, gender reassignment, pregnancy and maternity, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnership but to a limited extent.
- 7.4 In affording residents who are successfully appointed to apprenticeships the opportunity to benefit from competitive salaries, it is likely that the proposals in this report will have a positive impact across all sections of the community.

8. Any Other Implications (HR, Property, Environmental Sustainability - where necessary)

- 8.1 None.

9. Proposed Consultation with Ward Members and Stakeholders

- 9.1 None.

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| <u>Report sign off:</u> |
| <i>Debra Norman</i> |
| Director of Legal, HR & Audit and Investigations |