

## **EMPLOYMENT MATTERS COMMITTEE**

**17 JUNE 2015**

### **REVIEW OF APPRENTICESHIP TRAINING ALLOWANCES**

Report from: Tricia Palmer, Assistant Director, Organisational Services

Author: Carrie McKenzie, Head of HR and Organisational Change

#### **Summary**

The report seeks agreement to the revised training allowances payable to Medway Council apprentices.

#### **1. Budget and Policy Framework**

- 1.1 The Pay Policy lies within the Council's policy and budget framework and the Committee's terms of reference. Therefore, this is a matter for the Employment Matters Committee.

#### **2. Background**

- 2.1 The training allowance payable to apprentices has not been reviewed for a number of years as the minimum payable has been within the National Minimum Wage Regulations for Apprentices.
- 2.2 The changes within the National Minimum Wage Regulations which took effect on 1 October 2014 required us to increase the minimum allowance to £101.01 from £100 per week.
- 2.3 The current allowances are as follows:-

Level 2 apprenticeship - £101.01 per week  
Level 3 apprenticeship - £115 per week  
Level 4 apprenticeship - £150 per week

It should be noted that if the apprentice is 19 years of age, or over, at the point they have completed 12 months on an apprenticeship scheme, the training allowance reverts to the National Minimum Wage for their respective age group.

- 2.4 The unemployment rate within Medway for 18-24 year olds is 15.% double the overall rate in Medway and higher than Kent (12.1%), South East (8.7%) and nationally (12.2%). (Figures provided by Economic Development – from Office of National Statistics). Providing

apprenticeship opportunities is an essential part of supporting this age group into long term employment.

- 2.5 Medway Council currently have 44 apprentices aged between 16 and 24 years of age. As part of our standard recruitment practices we work closely with our Looked after Children team to ensure that we are supporting some of the most vulnerable young people to gain access to work.
- 2.6 Our current training allowance is lower than that offered by other Medway employers, the average being offered during September 2014, prior to the recent National Minimum Wage rise, was £137 per week. Medway Youth Trust currently pay £140 a week for a level two apprenticeship and Kent County Council pay £115 per week for a level two and £200 a week for a level four apprenticeship.
- 2.7 A number of applicants in our last round of interviews stated that we pay less compared to other organisations, and we have found the quality of apprenticeship applicants was lower compared to previous years.
- 2.8 It is therefore proposed to increase the current training allowance to the following:-

Level 2 - £110 per week

Level 3 - £130 per week

Level 4 - £160 per week

### **3. Advice and analysis**

- 3.1 These training allowances apply to apprentices of Medway Council only. This Policy does not apply to the following:

(1) Apprenticeships offered by Medway schools

(2) Traineeships, internships and graduate placements

### **4. Consultation**

- 4.1 Consultation on these changes has taken place involving the trade unions and the employee forums.
- 4.2 At the time of writing this report we have received no comments

### **5. Risk Management**

- 5.1 Failing to implement the National Minimum Wage Regulations for Apprentices in a fair and consistent manner may result in successful legal challenges.
- 5.2 Failing to adhere to the Council's responsibilities under "the Act" could pose a legal challenge at employment tribunal.

## **6. Diversity Impact Assessment (DIA)**

- 6.1 A Diversity Impact screening has been undertaken and it is considered that a full DIA is not required. The DIA is attached at Appendix 1 to the report.

## **7. Financial and legal implications**

- 7.1 If the proposals are taken forward it is anticipated that this could cost the Council an additional £20,500 to £34,300 per annum if the current level of apprenticeships was maintained. This additional expenditure would be met from existing revenue budgets adding further pressure on the council's budget.
- 7.2 Implementation of these proposals enables the Council to comply with its various statutory obligations and is within the council's powers.

## **8. Recommendations**

- 8.1 That the Employment Matters Committee approves the revised Training allowances as set out in paragraph 2.8 above.
- 8.2 That these allowances are reviewed as appropriate and any proposed changes are referred to this Committee.

### **Lead officer contact**

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### **Background papers**

None

### **Appendices**

Appendix 1 – Diversity Impact Assessment

# Diversity impact assessment

<b>TITLE</b> <i>Name/description of the issue being assessed</i>	<b>Review of Apprenticeship Training Allowances</b>
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<b>DATE</b> <i>Date the DIA is completed</i>	<b>9 June 2015</b>
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<b>LEAD OFFICER</b> <i>Name of person responsible for carrying out the DIA.</i>	<b>Carrie Mckenzie Head of HR and Organisational Change</b>
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- 1 Summary description of the proposed change**
- *What is the change to policy/service/new project that is being proposed?*
  - *How does it compare with the current situation?*

**The report is a review of apprenticeship training allowances.**

**The review identifies that the current level of allowance paid by the Council is lower than that offered by other local employers and the review concludes with a proposal to increase the current level of training allowances.**

- 2 Summary of evidence used to support this assessment**
- *Eg: Feedback from consultation, performance information, service user records etc.*
  - *Eg: Comparison of service user profile with Medway Community Profile*

**The proposed increases are in response to benchmarking other Medway employers following feedback from apprenticeship applicants that the Councils training allowances were less than other employers.**

**It was recognised that the quality of applicants in the last recruitment round was lower than in previous years.**

# Diversity impact assessment

### 3 What is the likely impact of the proposed change?

Is it likely to :

- Adversely impact on one or more of the protected characteristic groups?
- Advance equality of opportunity for one or more of the protected characteristic groups?
- Foster good relations between people who share a protected characteristic and those who don't?

(insert ✓ in one or more boxes)

Protected characteristic groups	Adverse impact	Advance equality	Foster good relations
Age			X
Disability			X
Gender reassignment			X
Marriage/civil partnership			X
Pregnancy/maternity			X
Race			X
Religion/belief			X
Sex			X
Sexual orientation			X
Other (e.g. low income groups)			X

### 4 Summary of the likely impacts

- Who will be affected?
- How will they be affected?

**The revisions do not change the current eligibility criteria.**

# Diversity impact assessment

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**5 What actions can be taken to mitigate likely adverse impacts, improve equality of opportunity or foster good relations?**

- *Are there alternative providers?*
- *What alternative ways can the Council provide the service?*
- *Can demand for services be managed differently?*

**Not applicable**

**6 Action plan**

- *Actions to mitigate adverse impact, improve equality of opportunity or foster good relations and/or obtain new evidence*

Action	Lead	Deadline or review date
Not applicable		

# Diversity impact assessment

## 7 Recommendation

The recommendation by the lead officer should be stated below.  
This may be:

- to proceed with the change implementing action plan if appropriate
- consider alternatives
- gather further evidence

If the recommendation is to proceed with the change and there are no actions that can be taken to mitigate likely adverse impact, it is important to state why.

**Not applicable**

## 8 Authorisation

The authorising officer is consenting that:

- the recommendation can be implemented
- sufficient evidence has been obtained and appropriate mitigation is planned
- the Action Plan will be incorporated into service plan and monitored

**Assistant  
Director**

**Date**

Contact your Performance and Intelligence hub for advice on completing this assessment

RCC: phone 2443 email: [annamarie.lawrence@medway.gov.uk](mailto:annamarie.lawrence@medway.gov.uk)

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Send completed assessment to the Corporate Performance & Intelligence Hub (CPI) for web publication