

EMPLOYMENT MATTERS COMMITTEE

30 NOVEMBER 2016

REVIEW OF APPRENTICESHIP TRAINING ALLOWANCES

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Summary

In February 2016, the Employment Matters Committee agreed to review the allowances paid to Apprentices in October 2016 and to consider any recommendations made by the Council to increase the current allowance rates.

This report updates the Committee on the recent statutory increase to the Apprentice training allowance and National Minimum Wage rates and gives an overview of the Apprentice Levy that Government is introducing in April 2017.

1. Budget and Policy Framework

1.1 The Apprentice Training Allowance rates lie within the Council's Pay 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 Changes to the training allowance payable to apprentices were reviewed and agreed by this Committee in February 2016, with the allowances being changed to the following rates:

Level 2 - £122.10 per week

Level 3 - £130 per week

Level 4 - £160 per week

2.2 There have been statutory changes to National Minimum Wage (NMW) rates effective 1 October 2016, and the new rates are detailed below:

For all Apprentices aged under 19, or aged 19 or over but in the first year of their apprenticeship - £125.80

Ages 18 to 20 - £205.35

Ages 21 to 24 - £257.15

Ages 25 and over - £266.40

Where the NMW exceeds the respective rate shown at 2.1 then the higher rate is paid.

- 2.3 Members have previously requested benchmarking information on other authorities across Kent, and an update is attached at Appendix A.
- 2.4 At the time of the last report to this Committee in February 2016 the Council had 54 apprentices in its employ; that net figure has remained static with an equal number of starters and leavers (15) in the intervening period. During the period February to October 2016 of the 15 leavers, 8 have secured permanent employment with the Council, 4 have secured employment outside of the Council, 1 returned to full-time education, and 2 resigned before completing the full term of their apprenticeship.
- 2.5 Due to be formally launched in January 2017, the Council has created an Apprenticeship Academy that is designed to offer local young people an alternative route into work through the development of high quality, career progression apprenticeships that are designed to enhance the apprentices personal and professional development.
- 2.6 Working in partnership with Mid-Kent College and Medway Adult and Community Learning, the Academy is developing a suite of learning to support Managers and Team Leaders in their role as a coach and mentor to apprentices that they may have in their team(s), to run half-day sessions for the apprentice cohort covering topics such as confidence building, motivation and employability skills. Further, the Council's apprentices will have access to the college's Information, Advice and Guidance Team.
- 2.7 A pilot programme is currently underway with 12 apprentices working in partnership with the Public Health team working on a Level 2 qualification in Understanding Health Improvement. This will provide the apprentices with an additional qualification during their time with the Council and will enhance their employability.

3. The Apprentice Levy

- 3.1 In February 2016 the Government announced a commitment to adding an additional 3 million apprenticeship starts in England by 2020 and that they were consulting on the introduction of an Apprenticeship Levy that requires all UK employers with an annual salary bill in excess of £3 million to contribute 0.5% of its salary bill into a central fund managed by the Digital Apprenticeship Service, each employer will then receive an annual allowance of £15,000 to offset some of the costs to the employer. For the Council this financial commitment amounts to c£300,000.
- 3.2 The Government has also announced that it will require public sector employers to recruit on an annual basis, new cohorts of apprentices based on a target of 2.3% of the employer's total headcount. For the Council this equates to c75 new starts per annum.

- 3.3 Both the final detail around the workings of the Levy and the recruitment requirements have yet to be published.
- 3.4 Subject to 3.3, these statutory requirements place a further demand both financially on the Council and will significantly increase the numbers of apprentices working for the Council.
- 3.5. The introduction of the Apprenticeship Academy is seen as an important factor in attracting new starters onto the Council programme.

4. Advice and analysis

- 4.1 It is recognised that the training allowances offered are not the highest available within the county, but the stream of high quality applicants to join the Council apprentices programme remains high and the proportion of those apprentices who then go on to gain employment either within or outside of the Council is similarly high.
- 4.2 The introduction of the Apprenticeship Academy will further enhance the current programme and provides further opportunity for the apprentices to improve their chances of gaining employment at the end of the apprenticeship.
- 4.3 Apprenticeship allowances are reviewed nationally in October and we will look at the recommendations from the review and report back to this Committee in 2017 for them to consider and agree any proposed changes.
- 4.4 Based on this, the Council is not proposing to increase the apprenticeship allowances other than to meet statutory increases through the National Minimum Wage.

5. Consultation

- 5.1 There is no requirement to formally consult on this matter.

6. Risk Management

- 6.1 Failing to implement the National Minimum Wage Regulations for Apprentices in a fair and consistent manner may result in successful legal challenges.

7. Diversity Impact Assessment (DIA)

- 7.1 A DIA is attached (Appendix B).

8. Financial and legal implications

- 8.1 Due to increases in the National Minimum Wage there is an additional cost to the Council. There are no legal implications.

9. Recommendations

- 9.1 That the Employment Matters Committee endorses the proposal to make no change to the Apprentice Training Allowance other than where there is a statutory requirement to do so.
- 9.2 That these allowances are reviewed in October 2017 with a report back to Committee with any recommended changes.

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Background papers

None

Appendices:

Appendix A - Comparison of Apprenticeship rates across Kent

Appendix B – Diversity Impact Assessment