



**Total Reward
Projects Ltd**

APPRENTICESHIP SCHEME – PAY STRUCTURE DOVER DISTRICT COUNCIL

January 2018

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1. INTRODUCTION

- 1.1 Dover District Council (the Council) has commissioned Total Reward Projects Ltd (TRP) to prepare and submit a paper setting out viable options for the development and implementation of an effective and robust pay structure to support the introduction of its revised apprenticeship scheme in April 2018.
- 1.2 This paper explores two options, the first of which is linked to the Council's current pay structure and is based on using job evaluation to determine the level at which the apprenticeship sits within its pay structure. The second option seeks to create a separate pay structure and determine the rate of pay using a combination of the Council's current pay determination for apprentices in conjunction with an additional hourly rate based on the Government's funding criteria for apprenticeship posts under its new apprenticeship scheme.

2. BACKGROUND

- 2.1 The Council's current apprenticeship, graduate placement and work experience scheme was first implemented in 2012 and, following a review in 2016, the General Purposes Committee (GP Committee) determined that due to the nature of the training programmes and qualifications, the length of apprenticeship programmes was extended to up to 2 years (depending on the training and qualification gained and subject to the Manager submitting a work programme appropriate for the period). The GP Committee also determined that either the Head of Paid Service or Director of Governance were authorised to approve any contracts or agreements that may have been necessary to give effect to the revised arrangements; and that each apprentice over the age of 18 was to be paid the National Minimum Wage for their age for up to two years.
- 2.2 With effect from April 2018, the Council now intends to integrate the Government's new apprenticeship scheme into its current arrangements, which entails a far more expansive approach to dealing with apprenticeships, one that ranges across a wide spectrum of learning, i.e. from level 2 at GCSE level through to level 7, catering for professionals studying at masters' degree level. Full details of the new scheme and the proposed changes to the Council's current apprenticeship policy have been set out in a paper drafted by the Director of Governance and Monitoring Officer, so will not be repeated here but the scale of the changes presents a challenge in respect of devising and developing an apprenticeship pay structure that is fit for purpose, affordable, transparent and fully meets equality standards.

3. APPRENTICESHIP PAY STRUCTURE – OPTION 1

- 3.1 For the first option, we explore the establishment of a new pay structure for the revised apprenticeship scheme based on the use of JESS, the Council's current job evaluation methodology. JESS is used by the Council's own trained in-house evaluators, the outcomes of which determine the pay band into which all posts, except apprentices, are placed. Essentially, this option involves the construction of a parallel pay structure

that broadly mimics and has a clear read-across into the main pay structure (though it would have fewer levels with the lowest 2 pay bands below the Council's current main pay structure). Apprenticeship posts would be measured using JESS and then placed within a pay band within the apprenticeship pay structure that either precisely corresponds to the pay band into which it would have otherwise been placed within the main structure or, for those apprenticeship posts with very low job weights, in one of the 2 bands below the main structure. An example of this arrangement is shown at **Annex 1** where it can be seen that whereas the Council's main pay structure ranges from pay Band A to pay Band L, the apprenticeship pay structure ranges from pay band I to N. The overlap between the two structures runs from pay band I down to pay band L.

- 3.2 The range of pay on offer in the apprenticeship pay bands I – L, i.e. those that overlap with the Council's main pay structure, would be the same as those on offer for the entry point of the corresponding pay band of the main structure. Pay levels for the apprenticeship pay bands M and N, which sit below the levels of the Council's main pay structure, have been determined by using a multiple of the national living wage (NMW) for apprentices, i.e. for Band N the pay calculation is 1.5 x the NMW for first year apprentices (£3.70 per hour from April 2018) to give £5.55 per hour or £10,678 per annum. For Band M the pay calculation is 1.75 x the NMW for apprentices to give £6.475 per hour or £12,458 per annum.
- 3.3 Essentially, this approach would have the advantage of maintaining the Council's robust approach to equity and fairness by ensuring that the pay range for all job types is predicated solely on the job weight as determined by job evaluation irrespective of the job's status. The key question here is whether it is feasible or reasonable to measure jobs effectively using job evaluation where the job holder is undergoing training and therefore not delivering the full requirement of the job as a fully experienced and competent job holder would be expected to do.
- 3.4 JESS is a flexible tool that would enable the analyst to make judgements across the scheme factors by taking into account the degree to which the apprentice job holder is being supported by the line manager and more experienced colleagues, as well as undertaking a more restricted range of duties compared with the full requirement of the post.
- 3.5 The other design feature that this option would enable the Council to consider is the concept of pay progression for those apprenticeship posts that exceed one year in duration. The Council's main pay structure currently provides, subject to satisfactory performance, for annual pay progression year-on-year until the employee reaches the maximum of the pay band in which their post sits. This feature could be extended to include apprenticeship posts in pay bands I – L, i.e. the 4 pay bands that link directly to the main pay structure. For apprenticeship pay bands M and N, which sit below the Council's main pay structure, an alternative arrangement for annual pay progression would be required, such as an agreed percentage increase for year 2.
- 3.6 It should also be borne in mind that apprentices will be on a relatively steep learning curve throughout the apprenticeship and it is almost certain that the range of duties they undertake and the overall level of responsibility they assume will increase as the apprenticeship progresses. It is therefore possible that the job weight in year 2 or subsequent years, whilst not yet at the full job weight of the post when filled by a fully experienced and competent member of staff, might well have increased sufficiently to merit "promotion" to a higher pay band. In such cases, JESS could readily be used to

capture the new job weight, thus enabling the Council to place the post in the appropriate higher pay band.

4. APPRENTICESHIP PAY STRUCTURE – OPTION 2

- 4.1 Option 2 does not entail the use of JESS job evaluation methodology but rather is based on creating an apprenticeship pay structure linked to the Government's apprenticeship scheme. The pay structure for Option 2 would therefore stand alone and not be directly linked to the Council's current main pay structure. It would still be advisable, however, for the Council to create an apprenticeship pay structure that is both transparent and fair, offering equal pay depending on the level of study undertaken throughout the apprenticeship.
- 4.2 The Government's new apprenticeship scheme comprises 6 different levels of learning, ranging from GCSEs at level 2 to professionals studying for a master's degree at level 7. The pay structure would therefore have 6 discrete levels to reflect each level of study and, on appointment, pay for the apprentice would be set at the rate that corresponds to the level of study to be undertaken, e.g. pay for an apprentice horticulture or landscape operative would remain at level 2 whereas pay for an apprentice senior housing or property manager could progress to level 4.
- 4.3 Since this option entails no direct link to the Council's main pay structure, it would be necessary to determine the rate of pay at each of the 6 levels within the apprenticeship structure. We believe this would be best achieved by determining pay in a formulaic way based on a combination of the NMW for apprentices and the level of study to be undertaken.
- 4.4 The Council currently pays first year apprentices at the rate of 1.5 x NMW for their age for up to 2 years. The NMW for all first year apprentices rises to £3.70 per hour in April 2018, thus using a multiple of 1.5 times the national living wage (NMW) for apprentices, gives an hourly rate of £5.55 or £10,708 for the Council's first year apprentices. We would suggest retaining this rate of pay for apprentices studying at level 2 under the new arrangements, but also to increase on an incremental basis the rate of pay for each higher level of study as set out in **Annex 2**. This would provide a maximum hourly apprenticeship rate of £11.10 per hour or £21,415 per annum for apprentices undertaking study at level 7, the highest level of study under the apprenticeship scheme. Under this option, the Council would, however, be able to introduce an element of progression. For example, it would be possible to place an apprentice studying at level 7 into a lower band in year one to reflect the individual's lack of experience, skills and knowledge at that stage of their learning and to allow them to progress through the pay scales as they develop their skills and knowledge. In using such flexibility, it would be prudent to require HR to ensure that pay determination within the apprenticeship scheme was being fairly applied across the Council.
- 4.5 For apprenticeships of more than one year under Option 2, pay progression in the second and subsequent years would be achieved by either:
1. Implementing any annual revalorisation of the NMW, which would factor in to the pay calculation (**see Annex 2**); or

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- 2. Progression to the next or higher apprenticeship pay scale, linked to satisfactory progression through the qualification; or
- 3. Progression to the next apprenticeship pay scale equivalent or above NMW for their age.

5. SUMMARY

- 5.1 This paper has looked at two distinct but equally viable options for the development and implementation of a pay structure for the Council's apprentices that is fit for purpose, affordable, equitable, transparent and straightforward to manage. We have not, though, at this stage made a recommendation as we believe that the Council will want to consider unencumbered each approach to determine which, if either, they would like to pursue.

Mark Fry and John Kirkwood

For and on behalf of Total Reward Projects Ltd

Annex 1

DDC: Main Pay Structure (A-L) DDC: Apprenticeship Pay Structure (I-N)

A		
B		
C		
D		
E		
F		
G		
H		
I	£21,682 - £24,919	I £21,682
J	£18,612 - £21,465	J £18,612
K	£16,454 - £18,548	K £16,454
L	£15,975 – £16,386	L £15,975
Not applicable		M £12,458
Not applicable		N £10,678

Shaded area denotes overlap between DDC main pay structure and the proposed Apprenticeship pay structure

Annex 2

DDC: Apprenticeship Pay Structure (Levels 2 – 7)

Level of Study	Annual Apprenticeship Pay	Pay Calculation
2	£10,708	$£3.70 \times 1.5 \times 37 \times 52.143 = £10,708$
3	£12,492	$£3.70 \times 1.75 \times 37 \times 52.143 = £12,492$
4	£14,277	$£3.70 \times 2.0 \times 37 \times 52.143 = £14,277$
5	£16,061	$£3.70 \times 2.25 \times 37 \times 52.143 = £16,061$
6	£17,846	$£3.70 \times 2.5 \times 37 \times 52.143 = £17,846$
7	£21,415	$£3.70 \times 3.0 \times 37 \times 52.143 = £21,415$

- Hourly rate is calculated by multiplying the apprentice NMW for apprentices of £3.70 per hour (from 1 April 2018) by a minimum multiple of 1.5 and a maximum multiple of 3 to produce the appropriate hourly rate for each level of study. The hourly rate is then multiplied by 37 hours in the working week and then by 52.143 weeks in the year to produce the annual rate of pay.