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<b>Subject:</b>	<b>REVISED APPRENTICESHIP POLICY</b>
<b>Meeting and Date:</b>	<b>Cabinet – 5 March 2018</b> <b>Scrutiny (Policy and Performance) – 13 March 2018</b> <b>General Purposes Committee – 12 March 2018</b>
<b>Report of:</b>	<b>Director of Governance and Monitoring Officer</b>
<b>Portfolio Holder:</b>	<b>Cllr Michael Conolly – Corporate Resources and Performance</b>

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**Purpose of the report:** To embed the new Government Apprenticeship scheme requirements into the Council's existing Apprenticeship, Graduate Placement and Work Experience scheme by way of a new Apprenticeship Policy.

The role of Cabinet is to determine whether to adopt the revision to the overall scheme by way of the new Apprenticeship Policy.

The role of General Purposes is to determine the terms and conditions upon which Apprentices and Graduate/Internship Placements hold office.

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- Recommendation:** Cabinet approves:
1. That the Apprenticeship Policy at Appendix 2 is adopted to reflect the changes in this report.
  2. That the Head of Paid Service or Director of Governance are authorised to approve any contracts or agreements that may be necessary to give effect to the revised arrangement.
- General Purposes Committee agrees:
3. That the terms and conditions for apprenticeship placements remain unchanged other than in relation to the pay policy for apprentices.
  4. The Apprenticeship Pay Structure linked to the Government's Apprenticeship scheme as detailed in Option 2 of Appendix 4 is adopted.
  5. That the Head of Paid Service or Director of Governance are authorised to approve any contracts or agreements that may be necessary to give effect to the revised arrangement.
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## 1. **Summary**

- 1.1 The Apprenticeship, Graduate Placement and Work Experience Scheme and its policies have been reviewed to ensure they meet the new Government Apprenticeship scheme introduced from May 2017.
- 1.2 This report updates on the key changes and recommends the adoption of a new Apprenticeship Policy to sit alongside the existing policies in the Apprenticeship, Graduate Placement and Work Experience Scheme and the removal of the original Apprenticeship Policy.
- 1.3 This report also introduces a new pay condition for all apprenticeships. This new approach recognises the wider spectrum of apprenticeships now available, from funding band 2 – GCSE level to funding band 15 – masters level.

## 2. **Introduction and Background**

- 2.1 In May 2012 Cabinet, General Purposes Committee and Joint Staff Consultative Forum agreed the 'Apprenticeship, Graduate Placement and Work Experience Schemes, Policies and Associated Contracts/Agreements' for this Council.
- 2.2 With regards the Apprenticeship Policy, the 2012 report approved;
  - (a) A Modern Apprenticeship Policy working with K-College as a preferred partner
  - (b) That the Head of Paid Service, or Director of Governance are authorised to approve tripartite contractual agreements (contract for apprenticeship) between the Council, an apprentice and K-College or other training partners
  - (c) That the Council provides four apprenticeship training contracts per year, linked to an appropriate NVQ qualification
  - (d) That apprentices are paid at 1.5 x the National Minimum Wage for apprentices for the first year and at the National Minimum Wage for their age for any apprenticeships that continue into year 2
- 2.3 In 2014 a Workforce Planning review was undertaken and this included a review of how the original modern apprenticeship scheme was working with recommendations on how to ensure the scheme is updated to reflect current practices and continues to be fit for purpose. In addition, the Government advice at that time emphasised the need to ensure that the placement gave the apprentice the skills they need for the workplace, through a quality work programme that stretched the apprentice and improved their capabilities.
- 2.4 In December 2015 the following enhancements were agreed to the apprenticeship policy:
  - (a) 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).

- (b) Each apprentice is paid 1.5x the National Minimum Wage for their age range for up to 2 years.
- (c) The number of apprenticeship places available is increased to encourage up to 6 apprenticeships per annum.

### 3. **New Government Scheme**

- 3.1 The government has committed to making sure that apprenticeships are as accessible as possible, to all people, from all backgrounds. To achieve this, the national apprenticeship system has been completely reformed so that from May 2017, employers have:
  - Control of the funding
  - Access to high quality training that is more responsive to the needs of their business
  - Increased confidence that the quality of apprenticeships has improved through more rigorous assessment and grading at the end of the apprenticeship
- 3.2 This Council has been operating its own comprehensive scheme since 2012. The national apprenticeship reform can be used to enhance this Council's approach. The national apprenticeship scheme is a way for all individuals aged 16+ who are in employment, to gain new skills and qualifications whilst working. Hiring apprentices helps businesses to grow their own talent by developing a motivated, skilled and qualified workforce.
- 3.3 Apprenticeships are suitable for both new employees as well as for existing staff. Even those who already hold a degree can benefit from accessing apprenticeship funding to gain new skills.
- 3.4 From May 2017, apprenticeship funding, with regard to the cost of the training provider has changed. Employers with an annual pay bill over £3 million are paying 0.5% of their pay bill into an online digital account held by HMRC, known as the Levy. This will be used to fund the training costs of apprenticeships. The intention is that the new system will make it easier for employers to choose the apprenticeship training they want to purchase.
- 3.5 All apprenticeships have been placed into one of 15 funding bands, these bands relate to the amount that the Government is prepared to commit from its levy funds for the off the job training and assessment for each apprenticeship the bands range from £1,500 at the funding band 1 to £27,000 at funding band 15. Employers are expected to negotiate a price for their apprentice's training and assessment, in the knowledge that there is a maximum within the funding band that the Government is prepared to commit to. Full details of the standards approved at the end of October 2017, with the associated funding bands are provided at Appendix 1, below are a few relevant examples for a district council:

<b>Apprenticeship standard</b>	<b>Level</b>	<b>Funding Band</b>	<b>Funding Band Max</b>
Housing/Property Management Assistant	2	4	£3,000
Assistant Accountant	3	9	£9,000
Events Assistant	3	9	£9,000
Chartered Legal Executive	6	10	£12,000
Solicitor	7	15	£27,000

- 3.6 For both employers and providers, there will be a £1,000 payment from the Government to the employer for taking on a 16-18 year old on an apprenticeship framework or standard and for 19- 24 year olds who were formerly in care or who have an Education and Health Care plan. This will be paid in two equal instalments at 3 months and 12 months.
- 3.7 Through the new legislation the Government has set out its commitment to achieving 3 million apprenticeship starts by 2020 and has stated that the public sector will play a key role in meeting this target.
- 3.8 In order to achieve these objectives the 2016 Act enabled the Secretary of State to set apprenticeship targets for prescribed public sector organisations. The target for the number of apprentices who start to work for a prescribed public body during the four-year period beginning 1<sup>st</sup> April 2017 and ending on 31 March 2021 is equal to 2.3% per cent of its workforce. For this Council this equates to 6 apprentices per year. This is consistent with the level set by Cabinet in 2015.
- 3.9 A revised Apprenticeship Policy has been developed to capture the requirements of the new Government Scheme and can be found at Appendix 2. Cabinet are requested to adopt the new policy. The revised Apprenticeship Strategy with an associated action plan is an operational document. It is provided for completeness and can be found at Appendix 3.

#### **4. Apprenticeship Pay Scales**

- 4.1 The new Government Apprenticeship scheme has necessitated the need for new pay conditions for all apprenticeships. This new approach recognises the wider spectrum of apprenticeships now available, from funding band 2 – GCSE level to funding band 15 – masters level. The Council's existing apprenticeship pay scheme envisaged apprenticeships operating at a much lower level and is no longer fit for purpose for the wider range of apprenticeships. To retain this scheme for lower level apprenticeships and introduce a new scheme for higher level apprenticeships would breach the Council's Equality Policies. Therefore a new scheme has been developed.
- 4.2 In developing this new policy, the Council wishes to attract quality candidates, but is also mindful that compared to going to university undertaking an apprenticeship can provide a debt free, direct route into the job market, with far less of the transitional struggle from education to work that some university students face. Therefore the

apprenticeship pay scheme needs to balance attracting quality candidates, whilst not offering rates above the market rates. The national broadsheets ran articles to coincide with National Apprenticeship week in early January 2018. From these articles the key message on apprenticeship pay is that it can cover quite a wide range from around £10k for administrative apprenticeships up to mid £20k for higher level professional apprenticeships.

- 4.3 The Council approached Total Reward Projects Ltd, who advises the Council on pay, to help develop a new Scheme for Apprenticeships for the Council. Their report is provided at Appendix 4. The report considered two options. Option 1 is a new pay structure for the revised apprenticeship scheme based on the use of JESS, the Council's current job evaluation methodology. This has its attraction, as it maintains one pay scale for all employees, with apprentices on a parallel structure, with the lowest 2 pay bands below the Council's current main pay structure. Apprenticeship posts could 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.
- 4.4 This approach would have the advantage of maintaining that the pay range for all job types is predicated solely on the job weight as determined by job evaluation. However, a job evaluation exercise would be required to be undertaken for each apprenticeship, requiring care in ensuring that the expectations and requirements of the job as an apprentice are correctly identified. The question 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.
- 4.5 On balance, it is felt that this process risks becoming too complicated, difficult to administer and potentially becomes open to misinterpretation. Therefore option 1 is rejected. Option 2 does not involve the use of JESS job evaluation methodology, but instead is based on creating an apprenticeship pay structure linked to the Government's apprenticeship scheme. The pay structure for Option 2 is an apprenticeship pay structure that is both transparent and fair, offering equal pay depending on the level of study undertaken throughout the apprenticeship.

- 4.6 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 the pay for the apprentice would be set at the rate that corresponds to the level of study to be undertaken, allowing progression, as more knowledge is gained and responsibility assigned. E.g. the pay for an apprentice horticulture or landscape operative would be remain at level 2, whereas pay for an apprentice senior housing or property manager would start at level 2, but could move through the grades to level 4 as their skills developed.
- 4.7 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.
- 4.8 Option 2 is therefore recommended as the Apprenticeship Pay Structure. It supports the Council's objective of attracting quality candidates, but also recognises that we should pay a sensible amount, as an apprenticeship can provide a debt free (no student loan) option for those taking this route into the job market.

## 5. **Resource Implications**

- 5.1 The new apprenticeship levy is taken by HMRC as part of the Council's payroll deductions and transferred into the Council's Levy pot, topped up by Government. This will amount to circa £50k per annum. This forms a key part of our training budget and it is important that this is utilised, otherwise the government will take it from us, if not spent within 24 months from creation.

## 6. **Corporate Implications**

- 6.1 Comment from the Section 151 Officer: Finance has been consulted and has nothing further to add (SB).
- 6.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make
- 6.3 Comment from the Equalities Officer: This report does not specifically highlight any equalities implications, however in discharging their duties members are required to comply with the public sector duty as set out in section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>

## 7. **Appendices**

8. Appendix 1 – Apprenticeship Standards and Funding Bands
- Appendix 2 – New Apprenticeship Policy
- Appendix 3 – New Apprenticeship Strategy
- Appendix 4 – New Apprenticeship Pay Policy

9. **Background Papers**

Apprenticeship, Graduate Placement and Work Experience Schemes, Policies and Associated Contracts/Agreements – Cabinet Report May 2012

Apprenticeship Policy update – Cabinet Report December 2015

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