

Report for: Staffing & Remuneration Committee

Item number:

Title: Calculation of Apprentice Pay Rates

Report authorised by: Richard Grice, Director of Customers, Transformation & Resources

Lead Officer: Ian Morgan, Reward Strategy Manager

Ward(s) affected: N/A

**Report for Key/
Non-Key Decision:** N/A

1. Describe the issue under consideration

- 1.1. Apprenticeships are an opportunity to combine paid work with training and receive nationally recognised qualifications along the way. They also provide individuals with an excellent opportunity to gain first-hand experience of how the workplace operates.
- 1.2. The calculation of the apprentice pay rate was agreed by the Staffing & Remuneration Committee in 2015.
- 1.3. This report sets out the rationale for amending the calculation of the pay rate to align with the London Living Wage.

2. Cabinet Member Introduction

Not applicable.

3. Recommendations

- 3.1. To approve the proposal to change the calculation of the apprentice pay rate as set in the report with effect from 1st April 2020.

4. Reason for Decision

Not applicable.

5. Alternative Options Considered

An alternative option would be to remain on current salary terms.

6. Background information

- 6.1. Haringey Council's apprenticeship scheme is open to anyone aged 16 or over and is based on a 30-hour week. The expectation is for the apprentice to attend college for one day a week and the remainder of the week in the workplace.
- 6.2. The length of an apprenticeship will be dependent on the type of qualification being undertaken and the minimum length of a course is one year to complete successfully.
- 6.3. The Council pays its apprentices £14,829.18 (£246.97 per week for the first six months and £323.38 thereafter), subject to probation per annum.

7. Calculation of the Apprentice Pay Rate

- 7.1. The National Minimum Wage for apprentices is currently £3.90 per hour and will go up to £4.15 on 1st April 2020, but many employers including Haringey Council choose to pay more than this. At Haringey the pay range is between £8.21 (£8.72 on 1st April 2020) to £10.75 per hour.
- 7.2. The current pay calculation for apprentices was agreed by the Staffing & Remuneration Committee based on a 30-hour week, with the first six months fixed at the National Living Wage and the next six months fixed at the London Living Wage. As a salary, this translates to £14,829 for the apprentice and for the employer £19,599 when including employers' contributions for pension and national insurance.
- 7.3. The Council is committed to paying the UK Living Wage, which is a voluntary initiative sponsored by the Living Wage Foundation. Whilst the terms of the Living Wage accreditation do not require the Council to pay the Living Wage to apprentices, this report is seeking authorisation to pay apprentices the London Living Wage for the full term of their apprenticeship. For the apprentice this translates to an annual salary of £16,816 and fully costed this would cost the employer £22,385 per annum.
- 7.4. We currently employ fourteen apprentices and the direct impact on the budget would be £39,004 and proportionately greater when the number of apprentices increases.

8. Contribution to strategic outcomes

- 8.1. The development of an apprenticeship approach and offer contributes to the Workforce Development Strategy 2019-2023 and Borough Plan of same period. The apprenticeship scheme is an important element of the Council's overall resourcing programme in addition to offering a route into the workplace for those not currently in employment or education.

9. Statutory Officers' comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

9.1 Chief Finance Officer

The proposed change to the calculation of the apprentice pay rate will increase the annual cost of an apprentice by £2,786 from £19,599 to £22,385, although £559 of this increase would have been incurred regardless due to the increase in the National Living Wage from April 2020. Based on the current level of fourteen apprentices this represents an additional cost of £39,004, although with the aspiration to create up to 200 Council apprentices the cost implication will ultimately be considerably higher.

9.2 Assistant Director of Corporate Governance

The Assistant Director of Corporate Governance has been consulted in the preparation of this report. There are no legal implications arising from this report.

10. Use of Appendices

Not applicable.

11. Local Government (Access to Information) Act 1985

Not applicable.