

Staff and Pensions Committee

7 March 2022

Apprentices' Pay Report

Recommendation

That the Committee approves the proposal to increase the rate of pay for entry level apprenticeship roles from 1 April 2022 to be aligned to the National Minimum Wage rate for 18–20-year-olds (£6.83 per hour/£13,140 per annum).

1. Executive Summary

- 1.1 Since 2014, Warwickshire County Council (WCC) has paid entry level apprentices an hourly rate based on the National Minimum Wage (NMW) for 16-17-year-olds. This rate is greater than the Apprentice NMW as we have sought to avoid being a legal minimum wage employer. The NMW rates are set by Government and increase slightly every year, as does the WCC apprentices' pay scale.
- 1.2 From 1 April 2022, both the Apprentice and the 16-17-year-old NMW rate will align at £4.81 per hour. This means that the Apprentice rate has essentially “caught up” over time which will, by default, mean that WCC becomes a minimum wage employer of apprentices. Reputationally, this will be a negative development and makes WCC apprenticeships less attractive to potential applicants.
- 1.3 Entry level apprenticeship vacancies at WCC have already been struggling for suitable applicants; both in terms of quantity and quality. To put it into context, in 2021 there were 45 applications for entry level roles across 12 recruitment campaigns, compared to 168 applications for just five higher apprenticeship recruitment campaigns which are paid at a higher rate (Pay Point 3 in the first table below). There have been several failed recruitment campaigns for entry level apprenticeship posts in recent years.
- 1.4 An increase to the apprentices' entry level pay is expected to make an apprenticeship with WCC more attractive and contribute towards the success of, and benefits from, the apprenticeship programme that have been identified in this report. It would also help to pave the way for the proposed Apprenticeship First recruitment model which is currently being developed.

2. Financial Implications

- 2.1 Currently, an entry level apprentice at Point 1 WCC (APPW) costs £12,031 for the first year in post, including on-costs.
- 2.2 Using Point 2 (APP2) as the starting point will raise the first-year salary to £17,083 with on-costs.
- 2.3 On that basis, each apprentice will cost an additional £5,052 for their first year. For illustrative purposes, the table below shows the number of entry level apprentices recruited since 2017/18. The additional cost based on the 2021/22 intake of 9 apprentices would be £45,468. This additional cost would be met by the central fund for apprenticeships.

Year	Number of entry level apprentices recruited
2017/18	23
2018/19	31
2019/20	19
2020/21	8
2021/22	9

- 2.4 The second-year costs and beyond of an apprenticeship are subject to the age of the apprentice, since by law they must be paid the NMW rate for their age after one year in post. This is why the points of the pay scale are all aligned to NMW rates, and so each apprentice automatically moves to the correct point for their age after one year. The extra costs only therefore apply to the first year of each apprenticeship.
- 2.5 A further cost will be raising the pay of the existing entry level apprentices who have not yet reached a year in post and who are currently paid at Point 1 WCC. This will take effect from 1 April 2022 and will apply to six current apprentices. Their salary costs are covered by the central apprenticeship fund and there are sufficient funds within this budget to cover these extra costs, which are estimated to be approximately £15,000.
- 2.6 It is worth noting that since 2018/19, only four entry level apprentices were funded by their own service; the others being paid for from the central fund. It is anticipated that the recruitment to apprenticeships will remain reliant on services accessing the central fund pending the Apprentice First model coming on stream, particularly as an increase in the entry level salary rate will increase the costs.

3. Environmental Implications

3.1 None.

4. Supporting Information

4.1 The full apprentice pay scale for 2021/2022 is:

WCC Apprentices Pay Scale 2021/22	Hourly Rate	Annual Rate
Point 1 (APP1) – NMW for apprentices, only available for maintained schools	£4.30	£8,301
Point 1 WCC (APPW) – NMW for 16-17 y/o's, starter rate for entry level apprentices	£4.62	£8,919
Point 2 (APP2) – NMW for 18-20 y/o's	£6.56	£12,664
Point 3 (APP3) – starter rate for higher and/or care experienced apprentices, NMW for 21-22 y/o's	£8.36	£16,139
Point 4 (APP4) – NLW for age 23+	£8.91	£17,201

4.2 Apprentice pay is automatically progressed after one year in post to the NMW rate for their age, hence why each NMW rate is part of our pay scale. Please note that Point 1 (APP1) is only available for use by maintained schools.

4.3 The proposal is to increase the rate of pay for entry level apprenticeship posts to that of the NMW rate for 18–20-year-olds (Point 2). From 1 April 2022, this will be £6.83 an hour, approximately £13,140 per annum for a full-time apprentice.

4.4 “Point 1 WCC (APPW)” will be removed from April 2022, whilst Point 1 (APP1) will remain available as an option for maintained schools only, some of whom may otherwise struggle to afford to engage an apprentice

4.5 If this change is implemented, the new pay scale and rates will be:

WCC Apprentices Pay Scale 2022/23	Hourly Rate	Annual Rate
Point 1 (APP1) – NMW for apprentices/16-17 year olds, only available for maintained schools	£4.81	£9,244
Point 2 (APP2) – starter rate for entry level apprentices, NMW for 18-20 year olds	£6.83	£13,140
Point 3 (APP3) – starter rate for higher and/or care experienced apprentices, NMW for 21-22 year olds	£9.18	£17,662
Point 4 (APP4) – NLW for age 23+	£9.50	£18,278

- 4.6 The benefits from this increase in pay will be:
- A likely increase in interest and applications for apprenticeship vacancies at entry level
 - Avoiding the reputational damage caused by perceptions of using apprentices as cheap labour
 - Making WCC apprenticeships more inclusive, by being more supportive for apprentices' costs of living, increasing accessibility for people from more disadvantaged backgrounds, and potentially widening accessibility geographically by being more supportive of travel to work costs
 - Greater reward for apprentices provides greater likelihood of their commitment to their role and completion of their apprenticeship, retaining their talent and the skills they learn throughout their programme
 - It narrows what is currently a significant pay gap between entry level apprentices and higher apprentices
- 4.7 These benefits will be significant to the proposal to adopt an Apprenticeship First recruitment model and the success of this proposal, which is currently in its early developmental stages. The proposed model would be on the basis that all entry level roles would automatically be considered for an apprenticeship first unless there is justification not to do so. It would be temporarily changing an existing vacancy to an apprenticeship, effectively making it a training role where the apprentice would be guaranteed a permanent position, subject to successful completion of the apprenticeship, which is not part of our current apprenticeship offer.
- 4.8 There is a separate policy approved previously that Warwickshire care leavers who undertake an apprenticeship will be paid at Point 3 of the pay scale, regardless of the level of the apprenticeship. This supports their costs of living and their ability to do an apprenticeship in the first place. It is worth noting that there are no plans to change this for care leavers.

5. Timescales associated with the decision and next steps

- 5.1 If approved, the rate of pay for entry level apprenticeship roles will be increased from 1 April 2022 to be aligned to the National Minimum Wage rate for 18–20-year-olds (£6.83 per hour) and the current Point 1 WCC (APPW) will be removed.

Appendices

None.

Background Papers

None.

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