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To: Personnel Committee **Date:** 16th November 2022

Subject: Apprentice Pay

Classification: **Unrestricted**

Summary: As a result of changes to statutory Apprenticeship pay there is a need to review our approach to pay which will also contribute to attracting candidates to apprenticeships, increasing retention rates and remaining competitive in the employment market whilst fulfilling our corporate parenting responsibility. Additionally, this review will reinforce KCC's continued commitment to the value of investing in young people

1. Background

- 1.1 In September 2013 Personnel Committee approved the framework for apprenticeship pay rates; this was further revised in November 2015 to accommodate the increasing minimum pay rate and linked the Apprentice pay scales to the Kent Scheme pay award.
- 1.2 On the 1st April 2022 the National Apprenticeship minimum wage rose substantially from £4.30 to £4.81 per hour. To ensure compliance KCC adjusted the pay rates to reflect the new minimum wage.
- 1.3 This change has highlighted the need and opportunity to review our Apprentice pay structure due to the decreased differentials at the lower end and also to ensure it remains competitive, attractive, and fit for purpose.
- 1.4 It is possible for managers to employ apprentices at the appropriate grade on the Kent Range, assuming a vacancy exists, as a way of retaining them.
- 1.5 The current minimum of the Kent Range (KR) pay scale equates to £10.00 per hour.

2. Current pay rates and considerations

- 2.1 KCC's current pay rates are based upon 3 apprenticeship levels - Intermediate, Advanced and Higher, each with 3 pay points. Managers should move the apprentice to the next point as part of recognising their development by way of pay progression. A Level 2 apprenticeship usually takes 12-14 months to complete. After 12 months the apprentice automatically moves to the appropriate age-related rate set by the government.

Pay rates are given in **Table 1** which also indicates the number of staff that are paid at these rates currently.

Table 1: Current KCC Apprentice pay rates

Grade Name	£/h 2022	People
Intermediate Apprentice 1. (0-4 months)	£ 4.81	11
Intermediate Apprentice 2. (5-8 months)	£ 4.92	
Intermediate Apprentice 3. (9 months-end)	£ 5.20	
Advanced Apprentice 1. (0-4 months)	£ 5.20	13
Advanced Apprentice 2. (5-8 months)	£ 5.75	
Advanced Apprentice 3. (9 months-end)	£ 6.29	3
Higher Apprentice 1. (0-4 months)	£ 6.29	
Higher Apprentice 2. (5-8 months)	£ 7.05	1
Higher Apprentice 3. (9 months-end)	£ 7.75	
* Apprentice 12 months+ 18-20 inclusive.	£ 6.83	
* Apprentice 12 months+ 21-22 inclusive.	£ 9.18	
* Apprentice 12 months+ 23 and above.	£ 9.50	

** This framework covers all types of apprenticeships except where the apprentice has completed the first year of their apprenticeship and at that point is aged 19 or above, then the non-apprentice national minimum wage for a person at their age applies for the remainder of the apprenticeship.*

2.2 Department for Education survey found that in 2021 the median hourly pay for Apprentices was £8.24 an hour when completing a Level 2 apprenticeship and £14.02 an hour when completing a Level 6/7 apprenticeship.

2.3 London Councils have pledged that all apprentices will be paid at the London Living Wage (£11.95 an hour) as a minimum. To demonstrate that the authorities continue to invest in their boroughs and people living within them.

2.4 In addition, research has identified that some training providers are choosing not to work with employers who are paying apprentices at the Apprenticeship National Minimum Wage as they feel that there is a correlation to the decline in completion and retention rates.

2.5 Benchmarking activity has identified that other comparable organisations are increasing their apprenticeship salary offer above the Apprenticeship National Minimum Wage

3. Proposal

3.1 To provide a pay framework where all apprentices are recruited to £7.75 p/h as a minimum, increasing to KR3 following successful completion of the probation period

- 3.2 This option provides an increase after 6 months which could incentivise apprentices within their probation period and reduce early leaver rates.
- 3.3 The proposal benchmarks KCC against other organisations and will attract a wider pool of candidates who may not otherwise have been able to undertake an apprenticeship on the Apprentice National Minimum Wage (£4.81 p/h).
- 3.4 Managers will still have the option to recruit an apprentice to any KR grade and this may be typical when undertaking a higher-level apprenticeship such as Level 4 – 6.
- 3.5 A clear career pathway will be provided with opportunities for further progression and supporting wider workforce planning. An example of this would be the Level 3 Business Administration apprenticeship standard where the apprentice would be on grade KR3 after 6 months with the opportunity to progress following completion to a KR4-KR6 (depending on available vacancies) with further apprenticeship training.
- 3.6 By keeping a separate apprenticeship rate for entry into the workforce this sets the expectation for managers that especially within the first 6 months they are new entrants and undertaking training and therefore may not be performing to the standard of our KR grades.
- 3.7 The use of KR grades aligns to our Graduate Talent stream who are undertaking higher level apprenticeship standards and recruited to grade KR8.
- 3.8 Survey feedback from individuals on the KCC Kickstart scheme, who were employed on the National Minimum Wage for their age, indicated that many could not afford to take a pay drop to complete an apprenticeship on apprenticeship pay rates with KCC.

Table 2 indicates further detail on the use of KR grades following the completion of their 6-month placement.

Table 2: Kickstart appointments

Grade Name	People
KR3	5
KR4	3
KR5	6
KR6	2
KR7	2

4. Feedback from Managers & Staff

- 4.1 91% of managers surveyed said their decision to recruit would not have been impacted if apprentices were paid a minimum of £7.75 p/h.
- 4.2 Manager's recognised that the increase in pay would be more attractive and a "reasonable prospect" for young people, especially Care Leavers.
- 4.3 Feedback from individuals on the KCC Kickstart scheme indicated that they could not afford to take a pay drop to complete an Apprenticeship within KCC on the current apprenticeship pay rates.

5. Other considerations and principles

- 5.1 The proposal for KCC maintained schools would recommend a new apprenticeship pay rate of £7.75 p/h but would not include the requirement to increase to KR3 following successful completion of probation period as if implemented is likely to see the number of new apprentices reduce in favour of recruiting qualified Teaching Assistants to a KR3 grade.
- 5.2 In addition, schools can choose to adopt a different pay rate for their apprentices.
- 5.3 The apprentice pay rate proposed is 22.6% less than the current minimum wage (£9.50p/h).
- 5.4 The apprentice pay rate will need to be reviewed on an annual basis alongside normal pay processes to ensure this differential is maintained.
- 5.5 Ahead of implementation in April 2023 the proposed pay rates will be reviewed to ensure they reflect any changes in the minimum wage for the forthcoming financial year.
- 5.6 There is a risk that increasing the cost of an apprentice may have a detrimental impact on apprenticeship numbers. However, in 2021-2022 there were 37 new apprenticeship starts with 28 of these paid at apprenticeship rates meaning that 32% of new apprentices were appointed to KR grades rather than apprenticeship pay rates.
- 5.7 An equality impact assessment (EQIA) has been undertaken and is attached in Appendix 1.

6. Conclusion

- 6.1 We have the opportunity to bring apprentices pay in line with our KR grades which reflects how the apprenticeship levy is now being utilised given that both new and existing employees can access the levy for training. In addition, this approach is simplified and will attract a much wider pool of candidates providing many with the opportunity to start their career whether that be

supporting the Young People agenda or addressing National skills shortages.

- 6.1 This approach will align to KCC's key agendas such as the delivery of the People Strategy, Strategic Reset Programme, the 16-18 review and levelling up.
- 6.2 The apprentice rates should continue to be adjusted annually in accordance with the Kent Scheme award and remain subject to review on an ad-hoc basis.

7. Recommendation

- 7.1 Personnel Committee agree the proposal outlined in 3.1 to take effect from April 2023.
- 7.2 Personnel Committee agree that the rate would be adjusted in line with changes to the Kent Scheme pay award.

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