

# Report

## Cabinet Member for Organisational Transformation

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### Part 1

Date: 12 September 2023

**Subject** **Apprentice Pay**

**Purpose** For Cabinet Member to consider the proposal to increase the apprenticeship salary.

**Author** HR & OD Manager

**Ward** All

**Summary** The Council has a strategic aspiration to diversify its workforce demographics, and consequently seeks to recruit apprentices to entry point roles, supporting workforce planning activities.

The comparatively low starting salary for these posts could be a factor in the current recruitment challenges being experienced and therefore it is timely to review the salary for our apprentices.

**Proposal** For the Cabinet Member to agree to increase the salary of all apprentice posts.

**Action by** Head of People, Policy and Transformation

**Timetable** Immediate

This report was prepared after consultation with:

- Executive Board
- Head of Finance
- Head of Law and Standards
- Head of People, Policy & Transformation
- Relevant Trade Unions

## Background

The apprenticeship scheme in Newport City Council began in 2016 and since its introduction has recruited over 100 apprentices. In 2021 the Council committed to its aspiration to diversify its workforce by creating a central fund to support a more holistic entry points approach and to support the Council's aspiration to diversify its workforce as well as support recruitment and retention arrangements. The number of apprenticeships being undertaken in the Council is an annual performance measure, which normally performs well, but in the last year has fallen slightly below target.

Since the apprentice scheme was implemented, the agreed salary for apprentices in year 1 has always been above the national apprentice rate minimum wage and has instead tracked the national salary threshold before paying income tax, which is currently £12,570 per annum. For year 2 students (or those starting over 25 years of age), regardless of age, the salary is in line with the national minimum wage of a 25-year-old, which is currently £20,103 (£10.42 per hour).

Since 2022 there have been 22 apprentice posts advertised, however applicant volumes for these posts have been relatively low, with 18 of these posts receiving a maximum of 3 applications or, in some cases, zero applications. Recruitment campaigns have been undertaken to aim to attract candidates. Unfortunately, there is no data to understand why such a low volume of applications are being received, however the comparatively low starting salary offered by Newport City Council could be a factor in our position as an employer of choice.

In consideration of this, comparative research was undertaken against regional and national local authorities and public sector organisations' salaries. The findings of this research are as follows:

Organisation	Year 1 Apprentice Salary	Year 2 Apprentice Salary
Newport City Council	£12,570	£20,103
Blaenau Gwent Council	(up to) £18,797	(up to) £18,797
Monmouthshire Council	£20,971	£20,971
Cardiff Council	£20,812	£21,968
Bristol City Council	(up to) £21,029	(up to) £21,029
NHS	£19,317	£19,317
Civil Service	£22,183	£22,183
Gwent Police	£15,777	n/a
South Wales Fire and Rescue Service	£21,575	£24,496

The findings highlight that our year 1 starting salary is, in all cases, below those of the comparators researched. This shows that by increasing the salary for the apprentice posts, that a higher salary will be more competitive, supporting talent management and succession planning practices within the Council.

The Council's Corporate Plan sets out the aspiration of becoming a Living Wage city, and the Council's practices should support this aspiration.

## Proposal

As a result of the apprentice recruitment challenges faced since 2022 and the findings outlined above, it is proposed that the Council increases the salary for all apprentice posts. There are two potential considerations:

1. increase year 1 in line with the current year 2 salary amount (£10.42 ph, £20,103pa) and consequently in line with the national minimum wage of a 25-year-old (and increase thereafter tracking the national rate)
2. increase in line with the current foundation living wage amount (£10.90ph, £21,030) and support the aspirations to be a living wage city (and increase thereafter tracking the national rate)

Any changes to the rate of pay for apprentices would be reported to full Council in the annual pay policy report cycle.

## Financial implications

Currently, there are seven apprentice posts funded centrally within the HR & OD budget. In addition, service areas and schools may choose to recruit apprentices in place of a budgeted staffing vacancy. Often this means that a budget should already exist to fund the cost of the apprenticeship. Within the central apprentice budget, each post is budgeted at top of grade, at year 2 values. Therefore, the impact of the first option proposed is neutral on budget because sufficient budget already exists. The same should also apply to any apprentice post within service areas.

Should the second option be chosen, there will be a slight cost implication, amounting to circa £7k per annum. As all seven centrally funded apprentice posts are currently filled (5 in year 2, 2 in year 1, there would be a need to manage this increase in costs from within the wider HR & OD budget, which is currently manageable. Going forward there would be a need to realign budgets from within the HR & OD budget to ensure there is sufficient funding on a recurring basis.

## Risks

<b>Risk Title / Description</b>	<b>Risk Impact score of Risk if it occurs* (H/M/L)</b>	<b>Risk Probability of risk occurring (H/M/L)</b>	<b>Risk Mitigation Action(s)</b> What is the Council doing or what has it done to avoid the risk or reduce its effect?	<b>Risk Owner</b> Officer(s) responsible for dealing with the risk?
Failure to further recruit apprentices, impacting the Council's ability to support entry level activity and bring in new talent	L	H	Proposing to re-align the salary	Head of People, Policy & Transformation
Budget Constraints	M	M	Budget constraints may prevent recruitment because of the increased salary. Options will be considered to use other funding streams to develop the entry points offer	Head of People, Policy & Transformation

The risk of not increasing the salary for apprentice posts is that the recruitment challenge may continue, and failure to recruit to these entry point roles could result in workforce planning and specifically talent management and succession planning difficulties. This could then restrict the Council's strategic aspirations to diversify its workforce demographics utilising our entry points offer.

The risk of increasing the salary for apprentice posts is that additional budget may be required (depending on option 1 or 2), to fund these opportunities, but this is very low level.

## Benefits

The main benefit of increasing the salary for the apprentice posts is that a higher salary is likely to attract more candidates to apply and, therefore, successful recruitment is more likely. This would positively impact on talent management and succession planning practices in Newport City Council and continue to help support strategic aspirations to diversify the workforce demographics with this new talent.

## Links to Council Policies and Priorities

The Council's [Corporate Plan](#) sets out the aspiration of becoming a Living Wage city.

This report has links to the annual update to the Pay and Reward Policy, which is generally agreed at Council on or around April each year. This change to apprentice rate will be reported to Council at the

next update in April 2024 so that the Council complies with the statutory requirement to publish a “pay policy statement” on an annual basis.

Pay and Reward Policy: [HR-Pay-and-Reward-Policy \(newport.gov.uk\)](https://newport.gov.uk/HR-Pay-and-Reward-Policy)

Workforce Planning Guidance: [workforceplan - 1 \(pagetiger.com\)](https://pagetiger.com/workforceplan-1)

### **Options Available**

The options available are as follows:

1. For the Cabinet Member to approve the proposed increase to the salary for all apprentice posts at either option 1 or 2
2. For the Cabinet Member to not approve the proposed increase to the salary for all apprentice posts.

### **Preferred Option and Why**

For the Cabinet Member to approve the proposed increase to the salary for all apprentice posts, in line with proposal option 2, to support the aspiration to be a living wage city. It is likely that more candidates will be attracted to these opportunities and there are consequent benefits for talent management and succession planning practices in Newport City Council, as well as strategic aspirations to diversify the workforce being supported.

### **Comments of Chief Financial Officer**

As the report states, the impact of the first proposal would be cost neutral for the central apprentice budget, as each post is already budgeted at a rate of £10.42/hour. For any additional apprentice posts within service areas or schools, it is assumed that sufficient budget already exists for this increase in year 1, however, if that is not the case, it would be necessary for the service area or school to take steps to ensure that additional funding is identified from within their existing available resources.

Should the second option be taken forward (i.e. to increase the rate to £10.90/hour for both years), the additional central budget required (circa £7k) will need to be identified from within the wider HR & OD budget. In the case of any additional posts within service areas or schools, again there will be a need to find the additional resources required from within existing budgets. By doing this, it will ensure that there is no additional pressure placed upon the Council’s medium term financial plan.

### **Comments of Monitoring Officer**

The current National Minimum Wage for an apprentice in the first year of apprenticeship is £5.28 per hour. After the first year, the apprentice must be paid the National Minimum Wage relevant to their age, which is currently £5.28 per hour for persons under 18, £7.49 per hour for those aged 18-20, £10.18 per hour for anyone aged 21-22 and £10.42 per hour for anyone aged 23 or over. The current National Living Wage is £10.42 per hour.

All employers have a legal obligation to pay employees at the applicable minimum hourly rate, which may be increased by the UK government from time to time.

Provided that the current annual salaries being paid to the Council’s apprentices are in compliance with the above, there are no further legal implications and the decision to increase the pay of apprentices above the required legal minimum is a commercial matter.

### **Comments of Head of People, Policy and Transformation**

The comments of the Head of People, Policy and Transformation are considered in the overall body of the report.

## Comments of Non-Executive Members

Councillor Kellaway:

I would support the Cabinet Member to approve the proposed increase to the salary for all apprentice posts. It is very appropriate that decent wage is always paid.

### Fairness and Equality Impact Assessment:

- **Well-being of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

There is no requirement for a Fairness & Equality Impact Assessment because of these changes, as there is no adverse impact.

From a Well-being of Future Generations Act perspective:

Apprentices would have access to a higher salary and subsequently other opportunities which provide significantly improved **long-term** benefits for their employment and future career prospects. This should help to **prevent** financial poverty and poor well-being in later life. The proposal takes a **collaborative** approach and will support the Council's well-being objectives, as well as supporting one of the seven well-being goals, "A prosperous Wales", whilst not adversely affect the other goals. By recruiting more apprentices, the Council is working towards its strategic aspiration; to diversify its workforce demographics, and **preventing** potential future challenges and unemployment.

### Consultation

As outlined within the report.

### Background Papers

People Policy and Transformation service plan 2022-2027

**Dated: 12 September 2023**