

NORTH LINCOLNSHIRE COUNCIL

POLICY AND RESOURCES CABINET MEMBER

**NATIONAL MINIMUM WAGE
IMPLICATIONS FOR APPRENTICES**

1. OBJECT AND KEY POINTS IN THIS REPORT

1.1 To consider the need to make amendments to the council's pay rates for apprentices to ensure continued compliance with National Minimum Wage (NMW) requirements.

1.2 That an urgent decision is taken to enable the necessary changes to be implemented from 1 October 2014, for all apprentices concerned.

2. BACKGROUND INFORMATION

2.1 The NMW rates, including those for apprentices are due to increase with effect from 1 October 2014.

2.2 In line with the council's Pay policy and existing NMW rates, apprentices at North Lincolnshire Council are currently paid the following:

- First year of apprenticeship -
 - £2.68 per hour
- Subsequent years (subject to satisfactory progress with their qualification) -
 - £3.35 per hour (if under 19)*
 - £5.03 per hour (if 19-20)
 - £6.31 per hour (if 21 or over)

*This rate is locally determined and exists to offer some pay progression for apprentices who would not see an increase by virtue of their age.

3. **OPTIONS FOR CONSIDERATION**

Option one

3.1 The council is obliged to increase the pay of those apprentices where the NMW dictates this. The new rates are as follows:

- First year of apprenticeship -
 - £3.00 per hour
- Subsequent years (subject to satisfactory progress with their qualification)
 - £5.13 per hour (if 19-20)
 - £6.50 per hour (if 21 or over)

3.2 For those apprentices under 19 but in the second year of an apprenticeship who are currently paid £3.35 per hour, the council could agree to increase the pay by 2% (the same percentage increase as the other non-adult NMW rates) to £3.42 per hour to maintain a pay differential and offer some progression for apprentices.

Option two

3.3 The council could choose to only increase the apprentice rates determined by the increase to the NMW and continue to pay £3.35 per hour to those apprentices who have completed the first year of their apprenticeship and are under 19.

4. **ANALYSIS OF OPTIONS**

4.1 Option one would ensure that the council complies with the NMW requirements and also maintains an appropriate pay differential between apprentices in the first and subsequent years of their apprenticeship.

4.2 Option two would ensure that the council complies with the NMW requirements, but would result in no pay progression for apprentices who have completed the first year of their apprenticeship and are under 19 at that point.

5. **RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

5.1 There are currently 37 apprentices employed by the council and 13 new apprentices starting in September 2014 (excluding schools).

5.2 Should the council only implement the changes required by the NMW the cost increase would be £9229.12, including on costs for the period of 1 October 2014 to 30 September 2015.

5.3 Should the council implement the changes required by the NMW and increase the rates paid to those apprentices who have completed the first year of their apprenticeship and are under 19 with the rates proposed at

paragraph 3.2 there will be an additional cost of £206.77 including on costs for the period of 1 October 2014 to 30 September 2015.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

6.1 An integrated impact assessment has considered the diversity implications of these revisions. It has highlighted that option two would have a disproportionately negative impact on apprentices under 19 and in the second year of their apprenticeship, as they would see no pay progression.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

7.1 The trade unions have been consulted and have not raised any objections.

8. RECOMMENDATIONS

8.1 That option one be approved and adopted.

8.2 That the pay policy be amended in accordance with the revised rates.

DIRECTOR OF POLICY AND RESOURCES

Civic Centre
Ashby Road
SCUNTHORPE
North Lincolnshire
DN16 1AB
Author: Rebecca Stanford
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Background Papers used in the preparation of this report - None