

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 2013, for all apprentices concerned.

2. BACKGROUND INFORMATION

- 2.1 The NMW apprentice rate is currently £2.65 per hour. This is due to increase to £2.68 per hour from 1 October 2013
- 2.2 Apprentices at North Lincolnshire Council are currently paid £98.05 per week (£2.65 per hour) in the first year of apprenticeship. Subject to satisfactory progress with their qualification, this is increased to £122.00 per week in subsequent years, unless they are eligible to receive a higher national minimum wage rate by virtue of their age.
- 2.3 Apprentices are entitled to a higher national minimum wage rate when they are aged 19 or over and have completed the first year of their apprenticeship.

3. OPTIONS FOR CONSIDERATION

- 3.1 The council is obliged to increase the pay of those apprentices on £98.05 per week to £99.20 per week to ensure that they receive the new NMW apprentice rate of £2.68 per hour with effect from 1 October. For those apprentices on £122 per week, the council could agree to increase the pay to £124 to maintain a pay differential and offer some progression for apprentices.

- 3.2 The council could choose to only increase the initial apprentice rate to £99.20 per week and continue to pay £122 per week to those apprentices who have completed the first year of their apprenticeship and are aged under 19.

4. ANALYSIS OF OPTIONS

- 4.1 The first option would ensure that the council complies with the NMW requirements and maintains an appropriate pay differential for apprentices in the first and subsequent years of their apprenticeship.
- 4.2 The second option 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 aged under 19 at that point.

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

- 5.1 There are currently 39 apprentices who are continuing on to a second year and 17 new apprentices starting in September 2013.
- 5.2 Should the council only implement the changes to the NMW the cost increase would be £5,954.50, including on costs for the period of 1 October 2013 to 30 September 2014.
- 5.3 Should the council implement the changes to the NMW and increase the rates paid to those apprentices who have completed the first year of their apprenticeship and are aged under 19 with the rates proposed at paragraph 3.1 there will be an additional cost of £902.38 including on costs for the period of 1 October 2013 to 30 September 2014.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

- 6.1 An integrated impact assessment has considered the diversity implications of these revisions (see attached). It has highlighted that option 2 would have a disproportionately negative impact on apprentices under the age of 19.

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 the first option be approved and adopted.

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Background Papers used in the preparation of this report - None