

WEST DUNBARTONSHIRE COUNCIL**Report by Chief Officer - People & Technology****Corporate Services Committee: 16 August 2023**

Subject: Apprentice Remuneration Proposal**1. Purpose**

- 1.1** The purpose of this report is to seek approval for the proposed change to Apprentice remuneration in line with West Dunbartonshire Council's commitment as a Scottish Local Government Living Wage (SLGLW) employer.

2. Recommendations

- 2.1** The Committee is asked to agree the following:
- A starting rate equivalent to the National Minimum Wage (NMW) of £9.18 applicable to apprentices in year 1 for Levels 2 and 3;
 - Incremental progression for Level 3 apprentices over years 2, 3 and 4 (reflected in current Spinal Column Points (SCP) of hourly rates £10.85, £11.41 and £12.76 respectively);
 - Rates to be reviewed annually in line with the application of the pay award and delegated to the Chief Officer People & Technology in the same manner as other collective bargaining awards;
 - Variation to apprentice contracts, current (with undernoted exception) and future, to a standard 35 hours per week;
 - To avoid pay detriment, retention of 37 hour working for those currently in year 4 of their training; and
 - Agree implementation from 1 October 2023 and confirm that the Chief Officer People & Technology is authorised to enact.

3. Background

- 3.1** West Dunbartonshire Council currently employs 58 apprentices on two distinct levels. Level 2 Apprentices are normally employed for 1 year and Level 3 Apprenticeships can vary from 2 to 4 years depending on the discipline.

- 3.1.1.** The breakdown of current apprentices is as follows in the table below:

Table 1

Level	Total Number	Breakdown
-------	--------------	-----------

2	8	4 Greenspace 4 Roads
3 - Craft	31	13 Joiners 8 Plumbers 5 Electricians 3 Painters 1 Plasterer 1 Roofer
3 - Others	19	7 Business Admin/ICT 6 Childcare 4 Mechanics 2 Greenspace

Current Remuneration

- 3.1.2** At the implementation of Single Status in West Dunbartonshire Council (2009), the pay model including percentages as applied to Apprentices (Table 2) was deemed appropriate to reflect the incremental achievement in experience, competence and qualification over the duration of the programme.

Table 2

Level 3 Apprentice	Year 1	Year 2	Year 3	Year 4
SCP Full Rate	SCP3 £9.01	SCP12 £10.07	SCP22 £11.41	SCP31 £12.76
Percentage applied to Apprentice pay	70% £6.31	75% £7.55	90% £10.27	95% £12.12
Salary 35 Hrs:	£11,515.12	£13,778.00	£18,741.72	£22,117.79
Salary 37 Hrs:	£12,173.13	£14,565.31	£19,812.68	£23,381.66
Level 2 Apprentice	Year 1			
SCP Full Rate	SCP3 £9.01			
Percentage applied to Apprentice pay	55% £4.96			
Salary 35 Hrs	£9,051.50			
Salary 37 Hrs	£9,568.73			

- 3.1.3** Table 2 illustrates that all apprentices are currently paid below the NMW of £9.18 per hour in year 1 and below the SLGLW of £10.85 per hour with the exception of a level 3 apprentice in Year 4 of the training programme.
- 3.1.4** Following representations and agreement that a review was prudent given the time elapsed since the development of the current model, revisions to the remuneration package are now proposed.

Proposed Remuneration

- 3.2** To align the apprentice training pay rates with the NMW and the Scottish Joint Council's Circular Salaries Agreement (SJC 70, 26 October 2022), the proposed changes to remuneration are:

- Levels 2 and 3 Year 1 uprated to £9.18 (representing an 85% and 45% increase respectively based on 35 hour week);
- Level 3 year 2 (SCP 12) adjusted to reflect the current SLGLW rate (£10.85 (representing a 44% increase based on 35 hour week); and
- SCPs 22 & 31, applicable to Level 3 years 3 and 4 to reflect the SJC SCP directly, i.e., without the percentages applied as they are in the current model (Table 2) representing an 11% and 5% increase respectively based on 35 hour week).

Table 3 below sets out the differences in pay, if the proposals are agreed.

3.3 Table 3

Level 3 Apprentice	Year 1	Year 2	Year 3	Year 4
SCP Hourly Rate	NMW £9.18	SCP12 £10.85	SCP22 £11.41	SCP31 £12.76
Salary 35 Hrs:	£16,752.58	£19,800.17	£20,822.11	£23,285.72
Level 2 Apprentice	Year 1			
SCP Hourly Rate	NMW £9.18			
Salary 35 Hrs:	£16,752.58			

- 3.4** Apprentices are partially funded through various funding streams as and when they are available. Mainly the Apprentice Investment Fund (AIF) is utilised to partially fund apprentices. Currently for each level 3 apprentice the service is given £8,500 towards the salary and for each Level 2 apprentice the service is given £6,500 towards the salary. The service utilise internal budget to make up the difference in the salary. This proposal would see the AIF funding increase to £8,885 which would result in a reduction in the overall number of apprentices employed albeit noting the substantial increase in pay levels for the majority.
- 3.5** The proposed model removes any age-related differentials and aligns with the Real Living Wage (RLW) foundation's statement that while *"We do not have specific guidance on payment for under 18 employees but we do encourage employers to pay the Real Living Wage to all employees regardless of age"*

According to the Scottish Living Wage Foundation, the benefits associated with payment at RLW and SLGLW rates are considered to include:

- higher staff retention,
- improved wellbeing and attendance,
- a higher level and quality of recruitment applications,
- employees feel valued,
- increased employee loyalty,

- being recognised an employer of choice through fair pay, and
- improved employee morale.

The Scottish Living Wage Foundation promotes RLW and SLGLW in that they allow people the opportunity to provide for their families and plan for the future. It can mean the difference between surviving and thriving. Employees feel valued and appreciated making them more motivated and proud to work for their employer.

- 3.6** Table 4 below illustrates the total hours and costs associated with paragraphs 3.2 and 3.3 above. These are reflective of full year cost so will vary depending on numbers engaged, apprentice start date and transition through training. An additional cost of £244,640 per annum, based on the current level of apprentices, is currently projected. These costs exclude any funding provided through the Apprentice Investment Fund or any other funding.

Table 4

Apprentice	Current Hourly Rate	Current Salary	Current Annual Cost	Proposed Hourly Rate	Proposed Salary	Weekly Hours	Proposed Annual Cost
3	£4.96	£9,568.73	£28,706.20	£9.18	£16,752.58	35	£50,257.75
4	£4.96	£9,051.50	£36,206.02	£9.18	£16,752.58	35	£67,010.33
15	£6.31	£12,173.13	£182,596.89	£9.18	£16,752.58	35	£251,288.73
8	£6.31	£11,515.12	£92,120.95	£9.18	£16,752.58	35	£134,020.66
1	£6.31	£5,757.56	£5,757.56	£9.18	£8,376.29	17.5	£8,376.29
1	£6.31	£4,606.05	£4,606.05	£9.18	£6,701.03	14	£6,701.03
5	£7.55	£14,565.31	£72,826.55	£10.85	£19,800.17	35	£99,000.83
2	£7.55	£13,778.00	£27,555.99	£10.85	£19,800.17	35	£39,600.33
2	£9.18	£17,709.87	£35,419.74	£9.18	£16,752.58	35	£33,505.16
1	£9.18	£16,752.58	£16,752.58	£9.18	£16,752.58	35	£16,752.58
6	£10.27	£19,812.68	£118,876.07	£11.41	£20,822.11	35	£124,932.65
9	£12.12	£23,381.66	£210,434.95	£12.76	£23,285.72	35	£209,571.52
57		TOTAL	£621,424.59			TOTAL	£831,446.34

4. People Implications

- 4.1** The majority of apprentices will have an increase in pay, contributing to addressing in-work poverty and realising the benefits outlined at 3.5 above.
- 4.2** A small number (circa 11) Level 3 year 4 apprentices would have a small element of pay protection circa £100 p.a. applied as a result of moving from 37 to 35 hours. This can be further mitigated by retention of 37 week for current apprentices, recognising the culmination of their training programme is imminent and so aligning them with the normal weekly hours for trades roles.
- 4.3** West Dunbartonshire Leisure Trust (WDLT) separately employ apprentices however the Service level Agreement requires them to offer the same terms and conditions as the Council. Consequently, if agreed, this proposal will be presented for endorsement of the WDLT Board.

5. Financial and Procurement Implications

- 5.1** The additional annual cost based on the current level of apprentices is circa £244,640 (inclusive of on costs). It is anticipated that funds would come from

the current AIF, any other associated funding and current service budgets. Note that for 2023/24, additional costs are applicable for the 6 month period from 1 October 2023.

- 5.2** It is relevant to note that 50% of the current apprentices are within the Housing Maintenance Trading Account (HMTA). Since the costs of HMTA are recovered via repairs recharges to HRA, the ultimate burden of the increased cost of these apprentices will fall on the HRA. The HRA impact is assessed at £100,880, the General Fund impact is assessed at £143,760. Table 4 below details the split.

Table 4

Funding	Current Cost inc 19.3% SA Contribution	Revised Cost inc 19.3% SA Contribution	Change
HRA	£675,606	£776,487	£100,880
General Fund	£357,980	£501,740	£143,760
Total	£1,033,586	£1,278,227	£244,640

- 5.3** It is understood that additional, supplementary expenses may be funded for some apprenticeship roles, e.g. trades. This is thought to include tools and travel to work but requires to be clarified and confirmed. If this proposal is agreed, the increase in annual pay should remove any supplementary requirements.

6. Risk Analysis

- 6.1** While the current rates are reflective of the training nature of the roles, they are significantly lower than the national minimum wage and do not adequately remunerate the recipients. This may lead to apprentices seeking alternative employment elsewhere before the end of their training.
- 6.2** The increase in apprentice pay is likely to lead to fewer apprentices being employed.

7. Equalities Impact Assessment (EIA)

- 7.1** A screening has been undertaken and confirms no detrimental impact on any protected group. This proposal further advances the Council's ambition as a true RLW and SLGLW employer.

8. Consultation

- 8.1** The report has been discussed with the Chief Executive, Legal colleagues, the Section 95 Officer and Chief Officer Housing and Employability.

8.2 Following consultation with the trade unions they were happy to agree the proposed changes, confirming this was a much-appreciated improvement.

9. Strategic Assessment

9.1 The proposal set out in this report will assist the Council to deliver its strategic priority 'A strong local economy and improved job opportunities' by contributing to the underpinning objective 'Our residents are supported to access employment and training opportunities'.

Name: Victoria Rogers
Designation: Chief Officer – People & Technology
Date: 2 August 2023

Person to contact: John Duffy
People, Quality & Governance Lead
07780165261
John.duffy@west-dunbarton.gov.uk

Background Papers: People First Strategy

Wards Affected: All

Appendices: N/A