



**NOTTINGHAM CITY COUNCIL**

**APPOINTMENTS AND CONDITIONS OF SERVICE COMMITTEE**

**Date:** Tuesday, 4 July 2017

**Time:** 2.00 pm

**Place:** LB 32 - Loxley House, Station Street, Nottingham, NG2 3NG

**Councillors are requested to attend the above meeting to transact the following business**

**Corporate Director for Strategy and Resources**

**Governance Officer:** Noel McMenamin **Direct Dial:** 0115 8764304

**1 APOLOGIES FOR ABSENCE**

**2 DECLARATIONS OF INTERESTS**

**3 MINUTES**

3 - 4

Last meeting held on 13 June 2017 (for confirmation)

**4 APPRENTICESHIP TERMS AND CONDITIONS**

5 - 14

Report of Corporate Director, Strategy and Resources

**5 EXCLUSION OF THE PUBLIC**

To consider excluding the public from the meeting during consideration of the remaining item in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all of the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information

**6 APPRENTICESHIP TERMS AND CONDITIONS - EXEMPT LEGAL OBSERVATIONS**

15 - 16

IF YOU NEED ANY ADVICE ON DECLARING AN INTEREST IN ANY ITEM ON THE AGENDA, PLEASE CONTACT THE GOVERNANCE OFFICER SHOWN ABOVE, IF POSSIBLE BEFORE THE DAY OF THE MEETING

CITIZENS ATTENDING MEETINGS ARE ASKED TO ARRIVE AT LEAST 15 MINUTES BEFORE THE START OF THE MEETING TO BE ISSUED WITH VISITOR BADGES

CITIZENS ARE ADVISED THAT THIS MEETING MAY BE RECORDED BY MEMBERS OF THE PUBLIC. ANY RECORDING OR REPORTING ON THIS MEETING SHOULD TAKE PLACE IN ACCORDANCE WITH THE COUNCIL'S POLICY ON RECORDING AND REPORTING ON PUBLIC MEETINGS, WHICH IS AVAILABLE AT [WWW.NOTTINGHAMCITY.GOV.UK](http://WWW.NOTTINGHAMCITY.GOV.UK). INDIVIDUALS INTENDING TO RECORD THE MEETING ARE ASKED TO NOTIFY THE GOVERNANCE OFFICER SHOWN ABOVE IN ADVANCE.

## **NOTTINGHAM CITY COUNCIL**

### **APPOINTMENTS AND CONDITIONS OF SERVICE COMMITTEE**

**MINUTES of the meeting held at LH0.06 - Loxley House, Station Street, Nottingham, NG2 3NG on 13 June 2017 from 2.00 pm - 2.18 pm**

#### **Membership**

##### Present

Councillor Dave Liversidge (Chair)  
Councillor Toby Neal (Vice Chair)  
Councillor Eunice Campbell  
Councillor Graham Chapman  
Councillor Alan Clark  
Councillor Sally Longford  
Councillor Dave Trimble  
Councillor Sam Webster

##### Absent

Councillor Jon Collins  
Councillor Georgina Culley  
Councillor Linda Woodings

#### **Colleagues, partners and others in attendance:**

Noel McMenamin - Governance Officer  
Bridget Donoghue - Head of HR  
Nicola Gell - HR Business Partner  
Andy Vaughan - Corporate Director, Commercial and Operations

#### **1 APPOINTMENT OF VICE-CHAIR**

**RESOLVED to appoint Councillor Toby Neal as Vice-Chair for the 2017/18 municipal year.**

#### **2 APOLOGIES FOR ABSENCE**

Councillor Jon Collins – Council business  
Councillor Georgina Culley – unwell  
Councillor Linda Woodings - leave

#### **3 DECLARATIONS OF INTERESTS**

None.

#### **4 MINUTES**

The minutes of the meeting held on 28 March 2017 were agreed as a true record and they were signed by the Chair.

#### **5 EXCLUSION OF THE PUBLIC**

**RESOLVED to exclude the public from the meeting during consideration of the remaining item in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public**

**interest in maintaining the exemption outweighs the public interest in disclosing the information.**

**6      COMMERCIAL AND OPERATIONS DEPARTMENT**

Andy Vaughan, Corporate Director, Commercial and Operations, and Nicola Gell, HR Business Partner, introduced the report to the Committee.

**RESOLVED to approve the recommendations as set out in the exempt report.**

**Appointments and Conditions of Service Committee - 04/07/2017**

<b>Title of paper:</b>	Apprenticeship Terms and Conditions	
<b>Director(s)/ Corporate Director(s):</b>	Richard Henderson – Director, HR and Transformation Candida Brudenell – Corporate Director, Strategy and Resources	<b>Wards affected: All</b>
<b>Report author(s) and contact details:</b>	Josie Guynan – Resourcing and Reward Consultant <a href="mailto:josie.guynan@nottinghamcity.gov.uk">josie.guynan@nottinghamcity.gov.uk</a> 0115 87 63748 Kirsty Spencer – Business Operations Manager <a href="mailto:kirsty.spencer@nottinghamcity.gov.uk">kirsty.spencer@nottinghamcity.gov.uk</a> 0115 87 65697	
<b>Other colleagues who have provided input:</b>	Jon Ludford-Thomas – Senior Solicitor, Legal Services	
<b>Date of consultation with Portfolio Holder(s) (if relevant)</b>	Cllr Toby Neal 14 <sup>th</sup> June 2017	
<b>Relevant Council Plan Key Theme:</b>		
Strategic Regeneration and Development		<input type="checkbox"/>
Schools		<input type="checkbox"/>
Planning and Housing		<input type="checkbox"/>
Community Services		<input type="checkbox"/>
Energy, Sustainability and Customer		<input type="checkbox"/>
Jobs, Growth and Transport		<input checked="" type="checkbox"/>
Adults, Health and Community Sector		<input type="checkbox"/>
Children, Early Intervention and Early Years		<input type="checkbox"/>
Leisure and Culture		<input type="checkbox"/>
Resources and Neighbourhood Regeneration		<input type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>		
<p>The Government introduced a levy on employers to fund apprenticeships from April 2017. It is collected monthly from employers with a pay bill in excess of £3 million through the Pay-As-You-Earn system (PAYE) and applies to both the public and private sectors across the UK. The rate for the levy is set at 0.5% of an employer's pay bill. The funding can only be drawn down and spent on apprenticeship training and assessment with an approved Skills Funding Agency (SFA) provider and any unspent funds will expire after 24 months.</p> <p>In addition, as part of the Government reforms, public sector bodies are targeted from April 2017 to have 2.3% of their overall workforce headcount as apprentices.</p> <p>Nottingham City Council's apprenticeship strategy aims to maximise the number of apprentices employed to utilise the levy being paid, without having an adverse impact on the salary bill. It is intended to achieve this through increasing numbers recruited via the Nottingham Apprentice scheme (all of which are city residents) and developing existing colleagues via apprenticeship training.</p> <p>This paper recommends changes to the current approach to a traditional apprenticeship model, to contracts of employment and rates of pay.</p>		

<b>Recommendation(s):</b>	
<b>1</b>	Pay all new starter Nottingham Apprentices the National Apprenticeship Wage of £3.50 per hour for the first three months of their contract.
<b>2</b>	Automatically uplift new starter Nottingham Apprentices pay to National Minimum Wage for their age from month 4 of their apprenticeship (ranging from £4.05 per hour to £7.05 per hour) and rising to National Living Wage for those aged 25 or over and in a second or subsequent year of their apprenticeship.
<b>3</b>	Establish an Additional Support Fund of £5k to assist apprentices that may experience financial difficulty in their apprenticeship, with cases to be assessed on an individual basis.
<b>4</b>	Agree an approach for internal apprentices which will allow existing employees to access apprenticeship training. Pay internal apprentices a salary based on a grade determined through job evaluation for their apprenticeship post.
<b>5</b>	Gain commitment to remain in NCC employment for a minimum of 2 years from the end of their apprenticeship.
<b>6</b>	Subject to the above, agree changes to the Apprenticeship Agreement so that this may be used for both entry level and 'internal' apprentices in line with the Council's apprenticeship strategy, widening the apprenticeship offer.

## **1 REASONS FOR RECOMMENDATIONS**

- 1.1 Reducing the total apprenticeship salary expenditure will enable Nottingham City Council to employ more apprentices, thus providing more opportunity to our city residents and (will, over a period of time) maximise our apprenticeship levy spend and help us to achieve the public bodies target of apprentices, set at 2.3% of the overall workforce headcount (currently approximately 205). The council aims to utilise the apprenticeship levy by recruiting entry level apprentices and developing the existing workforce.
- 1.2 Employing more apprentices supports the Council's key objective of 'Guarantee a job, training place or further education plan for every 18-24 year old' and the pledge to 'Protect from cuts 100 apprentices'.
- 1.3 Introducing a pay model in line with the new wider Council pay model would enable greater numbers to be recruited under the current 50% corporately funded Nottingham Apprentice model.
- 1.4 Enabling internal employees to access the apprenticeship scheme will encourage greater take up of apprenticeships, leading to a better skilled workforce and helping the council to reach its levy targets over time. Paying internal apprentices based on the value of the work they do, as determined through job evaluation, will mitigate the potential risk of equal pay claims to the Council.
- 1.5 Gaining commitment from internal apprentices to remain with the council for a minimum of 2 years following completion of their apprenticeship ensures the business benefits from the increased skills of its workforce.

- 1.6 The existing apprenticeship agreement is designed for entry-level apprentices, new to the organisation who are paid on the minimum wage. By bringing the clauses on notice periods, annual leave entitlement, etc. in line with those in the Council's core contract, the updated apprenticeship agreement (which is a document required by law) would accommodate both entry level and internal apprentices paid on GLPC grades and ensure consistency for internal apprentices with existing colleagues. Changes will ensure consistency with the standard core contract wording and reflect Levy requirements/terminology.

## **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 From April 2017 the Government introduced an apprenticeship levy for employers to fund apprenticeship training. All employers with a pay bill in excess of £3 million are required to pay the levy which can only be drawn down and spent on apprenticeship training and assessment with an approved Skills Funding Agency (SFA) provider. The rate for the levy is set at 0.5% of an employer's pay bill and based on the 2015/2016 pay bill would result in an annual draw down available of £927k (including maintained schools). A 10% top up will be also be provided by central government when funds are sent to the digital account providing a total available draw down amount of £1,019,700 per annum. In addition, public sector bodies are targeted to achieve 2.3% of the overall workforce headcount as apprentices and currently, this would be approximately 205 roles. Given these numbers, the salary bill to support this volume of apprentices on the existing entry level scheme would be £2,483,681 based on a cohort with an even spread between age brackets.
- 2.2 The Government's apprenticeship reforms ensure that apprentices are no longer restricted only to school leavers and young people. The removal of age restrictions, along with new higher level qualifications, support clearer progression paths from entry-level through to Degree and Masters levels. Apprenticeships can now play a key role in attracting new staff, developing existing colleagues, addressing workforce planning and succession issues and enabling employers to grow their own talent.
- 2.3 The Council are looking to meet this target through a combined approach of entry level apprentices and "internal" apprentices – where existing employees are given the opportunity to take up higher level apprenticeships, based on business need, e.g. social workers. To do this, employees would be seconded from their existing post and take up an apprenticeship contract whilst retaining the option of returning to their permanent post at the end of this.

## **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 Retaining the existing pay model for entry level apprenticeships would mean salary costs continue to rise as National Minimum Wage increases each year and numbers of apprenticeships increase (as outlined in 2.1).
- 3.1 Paying all apprentices the lower National Apprenticeship Wage of £3.50 per hour for the duration of their apprenticeship would reduce the salary bill considerably but would limit the number of quality applicants received. Appendix 1 illustrates the current pay rates and shows the estimated salary costs under the current and proposed models

- 3.3 Offer internal apprenticeships to current employees without holding a vacant post for them to return to, should they choose to, at the end of their apprenticeship term. This approach is likely to deter many existing employees from accessing apprenticeship training, thus inhibiting the opportunities the levy presents to fund development for existing staff and meet levy quotas.

#### **4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)**

- 4.1 The medium term financial plan includes a 2017/18 budget of £962,614 for apprentices. This includes the existing PATRA cohort.
- 4.2 The cost of the recommended option will be dependent on the number of apprentices recruited and the mix within the various age bands. Appendix 1 costs are based on a total of 100 apprentices evenly split between the band 16-17, 18-20 and 21-24.
- 4.2 The report also recommends the establishment of a hardship fund of £5k. The cost of apprentices recruited plus the cost of the hardship fund must be within this budget envelope.

#### **5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)**

##### **5.1 Legal implications**

- 5.1.1 Contained in exempt legal observations.

#### **6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISION RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE) (AREA COMMITTEE REPORTS ONLY)**

- 6.1 N/A.

#### **7 EQUALITY IMPACT ASSESSMENT**

- 7.1 Has the equality impact of the proposals in this report been assessed?

No ☐

An EIA is not required because:  
(Please explain why an EIA is not necessary)

Yes ☒

Attached as Appendix 2, and due regard will be given to any implications identified in it.

#### **8 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION**

- 8.1 Not applicable



## **9 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

- 9.1 SFA Guidance: 'Apprenticeship Funding from May 2017', available on line at:  
<https://www.gov.uk/government/collections/apprenticeship-changes>
- 9.2 Nottingham City 'Council Plan 2015-2019', available online at:  
<http://gossweb.nottinghamcity.gov.uk/nccextranet/index.aspx?articleid=19791>

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## Apprenticeship Pay Rates Appendix 2

### Pay Models

	Costs based on a cohort of new entrants with even spread between age brackets	Total 100
Option 1 (current)	National Minimum Wage (current scheme) based on new rates from 1 <sup>st</sup> April 2017	<b>£1,211,453</b>
Option 2	National Apprenticeship Wage	<b>£759,700</b>
<b>Recommended: Option 3</b>	National Apprenticeship Wage until 3 months and then National Minimum Wage	<b>£1,098,515</b>

### Pay Rates for 37 hours per week as of 1<sup>st</sup> April 2017

AGE	Hourly Rate	Basic Weekly Salary	Basic Annual Salary	ERS NI	ERS SuperAn	Annual pay no SuperAn	Annual pay + SuperAn
National Apprenticeship Wage	£3.50	£129.50	6,752.50	£0	£844	£6,753	£7,597
16-17	£4.05	£149.85	7,813.61	£0	£977	£7,814	£8,790
18-20	£5.60	£207.20	10,804.00	£0	£1,351	£10,804	£12,155
21-24	£7.05	£260.85	13,601.46	£0	£1,700	£13,601	£15,302
25+ National Living Wage*	£7.50*	£277.50	14,469.64	£0	£1,809	£14,470	£16,278

\* Payable if in a second or subsequent year of an apprenticeship

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## Equality Impact Assessment Form (Page 1 of 2)

**Title of EIA/ DDM:**     Apprentice Pay Rates  
**Department:**         Strategy & Resources  
**Service Area:**        HR & Transformation  
**Author (assigned to Covalent):** Josie Guynan

**Name of Author:** Josie Guynan  
**Director:** Richard Henderson  
**Strategic Budget EIA** Y/N (please underline)

**Brief description of proposal / policy / service being assessed:**

From April 2017 the Government introduced an apprenticeship levy for employers to fund apprenticeship training. All employers with a pay bill in excess of £3 million are required to pay the levy which can only be drawn down and spent on apprenticeship training and assessment with an approved Skills Funding Agency (SFA) provider. Currently all entry level apprentices are paid National Minimum Wage for their age. Reducing apprenticeship salary expenditure will enable Nottingham City Council to employ more apprentices, to help maximise our apprenticeship levy spend and achieve the public bodies target for apprentices set at 2.3% of the overall workforce headcount longer term. Employing more apprentices supports the Council's key objective of 'Guarantee a job, training place or further education plan for every 18-24 year old' and 'Protect from cuts 100 apprentices'.

It is proposed to pay all new starter apprentices the National Apprenticeship Wage for the first three months of their contract and then automatically uplift them to National Minimum Wage for their age from month 4 of their apprenticeship (not performance dependent).

**Information used to analyse the effects on equality:**

Click once and type. Note any relevant consultation and who took part; refer to or hyperlink to document(s) if needed.

	Could particularly benefit <b>X</b>	May adversely impact <b>X</b>	How different groups could be affected (Summary of impacts)	Details of actions to reduce negative or increase positive impact (or why action isn't possible)
People from different ethnic groups.	<input type="checkbox"/>	<input type="checkbox"/>	<p>This policy change could benefit younger Nottingham City residents as there is the potential to offer more apprenticeship opportunities.</p> <p>The policy assumes younger apprentices, including school leavers are likely to live at home. It is recognised an independent person, not living at home, may not be able to apply for one of our opportunities.</p>	<p>The lower rate of £3.50 will be paid for 3 months only and an Additional Support Fund of £5k will be established to assist apprentices that may experience financial difficulty. Cases will be assessed on an individual basis.</p> <p>This policy will be reviewed after 1 year to ensure that there is access to both schemes across all strands.</p>
Men	<input type="checkbox"/>	<input type="checkbox"/>		
Women	<input type="checkbox"/>	<input type="checkbox"/>		
Trans	<input type="checkbox"/>	<input type="checkbox"/>		
Disabled people or carers.	<input type="checkbox"/>	<input type="checkbox"/>		
Pregnancy/ Maternity	<input type="checkbox"/>	<input type="checkbox"/>		
People of different faiths/ beliefs and those with none.	<input type="checkbox"/>	<input type="checkbox"/>		
Lesbian, gay or bisexual people.	<input type="checkbox"/>	<input type="checkbox"/>		
Older	<input type="checkbox"/>	<input type="checkbox"/>		
Younger	<input checked="" type="checkbox"/>	<input type="checkbox"/>		

Other (e.g. marriage/ civil partnership, looked after children, cohesion/ good relations, vulnerable children/ adults).	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
<b>Please underline the group(s) /issue more adversely affected or which benefits.</b>				

### Outcome(s) of equality impact assessment:

- No major change needed ☐
- Adjust the policy/proposal ☐
- Adverse impact but continue ☐
- Stop and remove the policy/proposal ☐

### Arrangements for future monitoring of equality impact of this proposal / policy / service:

Note when assessment will be reviewed (e.g. Review assessment in 6 months or annual review); Note any equality monitoring indicators to be used; consider existing monitoring/reporting that equalities information could form part of.

### Approved by (manager signature):

The assessment must be approved by the manager responsible for the service/proposal. Include a contact tel & email to allow citizen/stakeholder feedback on proposals.

### Date sent to equality team for publishing:

Send document or link to:  
equalityanddiversityteam@nottinghamcity.gov.uk

### Before you send your EIA to the Equality and Community Relations Team for scrutiny, have you:

1. Read the guidance and good practice EIA's  
<http://www.nottinghamcity.gov.uk/article/25573/Equality-Impact-Assessment>
2. Clearly summarised your proposal/ policy/ service to be assessed.
3. Hyperlinked to the appropriate documents.
4. Written in clear user friendly language, free from all jargon (spelling out acronyms).
5. Included appropriate data.
6. Consulted the relevant groups or citizens or stated clearly when this is going to happen.
7. Clearly cross referenced your impacts with SMART actions.

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