

BARNSELY METROPOLITAN BOROUGH COUNCIL

This matter is a Key Decision within the Council's definition and has been included in the relevant Forward Plan

REPORT OF THE EXECUTIVE DIRECTOR, CORE SERVICES TO CABINET ON 12 JANUARY 2022

Public or private: Public

Youth Employment Programme to Apprenticeships – pay options

1. PURPOSE OF REPORT

- 1.1 Highlight potential drop in pay for young people transitioning from Youth Employment Programme to an apprenticeship with the Council
- 1.2 Request approval to bridge any drop in pay specific to those transitioning from Youth Employment Programme to an apprenticeship with the Council

2. RECOMMENDATIONS

- 2.1 Cabinet is asked to recommend to the meeting of full Council on 3 February 2022, that approval is given for those transitioning from Youth Employment Programme to an apprenticeship do so on the same rate of pay, with cost implications decentralised to the relevant service.

3. INTRODUCTION

- 3.1 Youth Employment Programme currently being delivered internally within the Council creating 12-month work placements paid at National Minimum Wage (NMW) relative to age for up to 80 young people. Young people must be aged 18-24 and in receipt of Universal Credit to be eligible.
- 3.2 The Programme has been developed to mitigate the risk of long-term unemployment for young people as a result of the Covid-19 pandemic.
- 3.3 It is the intention to off-board all young people participating in the programme into either paid employment or apprenticeships both internal and external from the Council.
- 3.4 For some, it may be appropriate to transition to an apprenticeship opportunity with the Council. However, for the first 12-months of an apprenticeship with the Council, the pay rate tracks NMW for 18-20 year olds (currently £6.56 per hour) and then reverts to NMW relative to age thereafter. Therefore, any young person 21-24 on the Youth Employment Programme would face a drop in pay for a 12-month period should they transition to an apprenticeship internally.

4. PROPOSAL AND JUSTIFICATION

- 4.1 It is proposed that any young person who transitions from the Youth Employment Programme to an apprenticeship with the Council remains on NMW relative to their age, rather than reverting to the NMW rate for 18-20 year-olds (which the new apprentice rate is pegged to for the first 12-months). This will remove a significant barrier for young people and ensure it is a viable pathway.

5. CONSIDERATION OF ALTERNATIVE APPROACHES

- 5.1 Whether it be appropriate to recommend increasing the new apprentice rate of pay for all, not just those transitioning from the Youth Employment Programme to an apprenticeship position, has been considered. However, the existing rate is already a premium in the Borough and compares favourably against other Local Authority's in the Sheffield City Region. Increasing the rate for all new apprentices would also likely attract older, more experienced candidates putting younger people at risk of being able to obtain an apprenticeship position with the Council. Besides, young people who have participated in the Youth Employment Programme will have already completed 12-months (or close to) service with the Council, therefore making it fair and equal they commence on NMW for an apprenticeship relative to their age, whereas other new apprentices to the Council be pegged to NMW for 18-20 year olds for the initial 12-months.

6. IMPLICATIONS FOR LOCAL PEOPLE/SERVICE USERS

- 6.1 The implication is positive in that it will increase the number of young people in Borough obtaining level 2 and or level 3 qualifications as well as being in employment.

7. FINANCIAL IMPLICATIONS

- 7.1 Consultations have taken place with representatives of the Service Director – Finance (S151 Officer). The cost implication for each young person 21+ can be seen in the table below:

Age	BMBC Apprentice Salary Year including on costs	NMW Salary including on costs	Difference
21-22:	14,719	19,763	5,044
23+:	14,719	21,063	6,344

For example, if x10 young people transitioned to apprenticeships from the Youth Employment Programme with x5 in each age bracket, the cost would be £56,940. Actual transition numbers and ages cannot be determined at this point and this is for example purposes only.

All costs associated with the increases in pay would need to be contained within the host department's budget envelope.

8. EMPLOYEE IMPLICATIONS

8.1 There are no direct employee implications

9. LEGAL IMPLICATIONS

9.1 There are no direct legal implications

10. CUSTOMER AND DIGITAL IMPLICATIONS

10.1 there are no direct customer and digital implications

11. COMMUNICATIONS IMPLICATIONS

11.1 There are no direct communications implications

12. CONSULTATIONS

12.1 The following partnerships have been consulted:

- Apprenticeship Operational Group
- Workforce Development
- Employment & Skills
- Relevant Unions
- Job Centre Plus / Department for Work & Pensions
- DMT (CORE)
- SMT

13. EQUALITY IMPACT

13.1 Full Equality Impact Assessment completed

13.2 Proposal is to seek approval that ensures young people aged 21-24 participating in the Council's Youth Employment Programme do not receive a drop in pay, should they transition to an apprenticeship with the Council.

The aforementioned Youth Employment Programme provides a 12-month work placement for up to 80 young people, paid at National Minimum Wage relative to age (aged 18-24, receiving Universal Credit to be eligible). It will be appropriate for a small proportion of those benefitting from the programme to progress on to an apprenticeship with the Council.

However, the current starting pay rate for new apprentices to the Council is £6.56 per hour (Minimum apprentice rate is £4.30 per hour nationally) for the first 12-months, then reverts to National Minimum Wage relative to age thereafter. Therefore, any young person aged 21-24 (where National Minimum Wage is higher than £6.56 per hour) would receive a lower rate of pay than received whilst on the Youth Employment Programme. This would likely be a barrier for some and could potentially result in financial hardship whilst trying to adapt to a lower rate of pay.

A positive impact is identified against the protected characteristic of age, ensuring those 21-24 who may transition from the Youth Employment Programme to an apprenticeship do not realise a drop in pay.

Note: The following headings may be included in sequence, if there is considerable relevant detail to include (ie a list of headings with the comment "none" is not generally required). Otherwise, any information relevant to these issues may be incorporated in the above sections, with appropriate references:-

14. THE CORPORATE PLAN AND THE COUNCIL'S PERFORMANCE MANAGEMENT FRAMEWORK

14.1 The proposal supports the Corporate Plan, specifically around 'Learning Barnsley'

15. TACKLING THE IMPACT OF POVERTY

15.1 There are no direct implications

16. TACKLING HEALTH INEQUALITIES

16.1 There are no direct implications

17. REDUCTION OF CRIME AND DISORDER

17.1 There are no direct implications

18. RISK MANAGEMENT ISSUES

18.1

Risk Detail	Probability and Impact	RAG	Mitigation
Scrutiny of fairness and equality of implementing NMW relative to age for those transitioning from Youth Employment Programme to an apprenticeship, but not doing so for 'new apprentices'	Probability – Medium Impact - Low	Green	There are clear factors outlined in this report that mitigate any scrutiny to fairness and equality of implementing the recommendation. Several stakeholders have been consulted including relevant Unions who are supportive of the proposal.
Financial implications	Probability – High Impact - Low	Amber	There is little to mitigate this. However, costs are relatively small when absorbed at service level.

19. HEALTH, SAFETY AND EMERGENCY RESILIENCE ISSUES

19.1 There are no direct implications

20. COMPATIBILITY WITH THE EUROPEAN CONVENTION ON HUMAN RIGHTS

20.1 There are no implications

21. CONSERVATION OF BIODIVERSITY

21.1 There are no implications

22. GLOSSARY

NMW = National Minimum Wage
DWP = Department for Work & Pensions
JCP = Job Centre Plus

23. LIST OF APPENDICES

Appendix A: Financial Implications

24. BACKGROUND PAPERS

Not applicable

If you would like to inspect background papers for this report, please email governance@barnsley.gov.uk so that appropriate arrangements can be made

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Financial Implications/Consultation

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BARNSELY

Metropolitan Borough Council

Barnsley Metropolitan Borough Council **Youth Employment Programme to Apprenticeships PAY options paper**

The council is currently delivering a Youth Employment Programme (YEP). This incorporates the Government Kickstart Scheme (6-months) and a matched commitment by the Council (6-months), equating to a 12-month paid work-placement. So far, 29 young people at risk of long-term unemployment are in post benefitting from this programme. The intention is to get as close to 80 young people on board before the end of 2021.

A key aim of the programme is to off-board young people into positive destinations during the final 6-months. There are two priority off-boarding destinations, these being:

- Permanent employment
- Apprenticeships

Young people on the YEP are paid National Minimum Wage (NMW) relative to their age. NMW relative to age can be seen below:

18-20:	£6.56
21-22:	£8.36
23+:	£8.91

New apprentices to the Council are paid £6.56 per hour for the first 12-months of their Apprenticeship and then revert to National Minimum Wage for the remainder. Therefore, as we try to off-board some young people from the YEP onto apprenticeships within the Council where appropriate, those who are 21 and over are disincentivised to do so as they would have a reduction in pay for the first year of their apprenticeship.

Financial implications

This appendix sets out the financial implications of the three options. Consultations have taken place with representatives of the Service Director – Finance (S151 Officer).

Option 1: Do nothing

This option disincentivises young people on the YEP aged over 20 to stay with the council as their salary would be reduced by £1.80/£2.35 per hour dependent on their age.

Failure to achieve apprenticeship starts and spend could also result in a potential loss of council levy through clawback.

Age	YEP NMW for age group	BMBC Apprentice Salary Year 1	Difference loss in Salary per Hour
18- 20	£6.56	£6.56	£0.00
21-22:	£8.36	£6.56	£1.80
23+:	£8.91	£6.56	£2.35

Option 2: Increase pay for those who have participated in the YEP to NMW from the inception of an Apprenticeship (recommended)

As its difficult to provide accurate numbers of those wishing to transition from the YEP onto an apprenticeship and their ages, some assumptions have been made.

If for example 50 young people start on a YEP programme with BMBC and 30 want to transition onto a BMBC apprentice schemes (a high estimate)

Assuming that the age profile is based on current Kickstart apprentices age profile, then of the 30 that may want to transfer onto BMBC Apprentice programmes, possibly 12 (40%) will be in the age bracket impacted.

The cost of increasing the salary to NMW level for 12 staff would be £60,528 this would incentivise apprentices, and reduce the levy clawback for their associated training costs

Age	Potential transfers	YEP (NMW) Salary* including on costs	BMBC Apprentice Salary Year 1 including on costs	Difference	Cost to convert YEP Apprentices to NMW
18- 20	18	£14,719	£14,719	-	-
21-22:	12	£19,763	£14,719	£5,044	£60,528
23+:	0	£21,063	£14,719	£6,344	-
Total	30				£60,528

* YEP kickstart salary including oncosts is the Full time equivalent salary as YEP work 25 hours

All costs associated with the increases in pay would need to be contained within the host department's budget envelope

Option 3: As Option 2 but also increase existing Apprenticeship pay to NMW from the inception of an Apprenticeship for ALL 'new Apprentices'

The current first year BMBC apprentices currently earning £6.56 per hour **ALL** fall in the first age category and therefore the existing apprentices would currently have no cost impact if option 3 is chosen. However, the increased cost could vary year on year, dependent on new apprentices age profile it would cost an additional £5,044/£6,344 per apprentice dependent on age.

Age	Current Apprentices on £6.56 p/h	BMBC Apprentice Salary Year 1 including on costs	NMW Salary including on costs	Difference	Cost to convert current staff
18- 20	8	14,719	14,719	-	-
21-22:	0	14,719	19,763	5,044	-
23+:	0	14,719	21,063	6,344	-
Total	8				-

Based on the assumptions above the estimated cost of the potential YEP kickstart transfers to a BMBC apprenticeship could be c. £60,528. The estimated cost of the non YEP route BMBC apprentices would not be impacted based on the current age profile, but the future cost could range between £5,044-£6,344 each dependent on age.

All costs associated with the increases in pay would need to be contained within the host department's budget envelope.

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