

DERBYSHIRE COUNTY COUNCIL

CABINET

11 February 2014

**REPORT OF THE STRATEGIC DIRECTOR FOR CHILDREN AND
YOUNGER ADULTS**

**Care Leavers Employment Team - Apprenticeship Programme –
(Children and Young People)**

1. Purpose of the Report

To seek agreement regarding National Minimum Wage payment to all young people placed on the Care Leavers Apprenticeship Programme.

2. Information and Analysis

2.1. Background

The Care Leavers Employment Team was set up in 2010 in order to give Derbyshire care leavers the opportunity to undertake an apprenticeship with continuing support, encouragement and motivation from the Team throughout their apprenticeship.

The Apprenticeship Programme was set up to help care leavers to gain an apprenticeship where, due to their circumstances, many young people would be unable to and may have struggled to compete within a very competitive market with a high level of youth unemployment.

2.2. Progress

The Care Leavers Employment Team currently has 11 young people undertaking apprenticeships with a range of employers.

This year, the Team has also supported 4 young people to obtain apprenticeships with the Council via Learning Unlimited by providing the young people with help in work preparation skills and practical assistance.

The duration of each apprenticeship varies according to the qualification framework requirements. On average an apprenticeship will take 12 – 18 months to complete a Level 2 qualification, in for instance, painting and decorating or vehicle maintenance.

The scheme works on a roll-on/roll-off basis, whereby when a young person has completed his/her qualification, hopefully achieving employment; a further young person can then take up the opportunity. Each young person has a contract of employment with the Council and also an agreement with the employer which covers mutual respective obligations.

Since the programme began, 34 young people have been assisted into apprenticeships. Of these, 11 are on-going, 7 gained full-time employment on completion and a further 3 completed their qualification and started to look for employment.

This opportunity not only enables young people to gain a valuable qualification but they also acquire a good work ethic which is vital if they are to gain and retain permanent employment. Work is underway with the support of the Director of Human Resources to ensure CLEP apprenticeships meet the national standards and requirements of apprentice schemes.

The Programme meets the Children and Younger Adults' Service Plan 2010 – 2014 outcome in ensuring that young people are ready for work.

3. Financial Considerations

The National Minimum Wage Regulations include an apprenticeship rate (currently £2.68) that can be paid to those who are 19 or in the first year of an apprenticeship. If they are over 19 and past the first year the national minimum wage rate appropriate to their age is applied:

Apprentice	Under 18	18 – 20	21 and over
£2.68	£3.72	£5.03	£6.31

Derbyshire County Council currently pays the apprenticeship rate to those who meet the criteria outline above.

When a young person takes up an apprenticeship at the current lower apprenticeship rate their earnings reduce their entitlement to means-tested benefits/tax credits. Raising the hourly rate to the minimum wage would further reduce any entitlement, although, depending on the

apprentice's circumstances, there may still be eligibility for some housing benefit and, if the apprentice has a dependent child, to tax credits. Whilst there would be an impact on benefit entitlement, on balance, this is a positive outcome as it increases income, reduces benefit dependency and is a move towards normal long term employment.

On 30th July 2013, Cabinet agreed to cease paying at apprenticeship rate for those young people on internal apprenticeships, and they have all received the national minimum wage rate for their age from 1st August.

Therefore there is currently a two tier pay rate; those young people on internal apprenticeships via the Council scheme now receive the national minimum wage rate for their age whilst those care leavers on apprenticeships facilitated and supported by the Council Care Leaver Employment Team remain on apprenticeship rate for their first year.

The proposal is to tackle this inequity and pay those care leavers on apprenticeships facilitated and supported by the Council the national minimum wage rate for their age from 1st October 2013.

The increase in the National Minimum Wage cannot be met from within the existing budget and it is anticipated that there will be a £8,600 overspend at the year end.

The cost of 11 apprentices for a full financial year 2013/14 based on the old hourly rate is approximately £63,000. The cost of those same apprentices at their new increased rate, for a full financial year, is approximately £107,000. Assuming that the maximum of 11 apprentices are paid every week all year, this is an increase in spend over a full financial year of approximately £44,000.

The 2013-14 budget was set at £67,400 based on 12 apprentices all year at the lower hourly rate. The estimated total spend on apprentices for 2013-14 is approximately £76,000 resulting in a projected overspend of £8,600. There are 2 reasons for the overspend being much lower than the £44,000 stated above. Firstly, the increase in hourly rate has only been built into the forecast for half of the 2013-14 financial year from October 2013. Secondly, a number of apprenticeships have ended and new ones commenced since April 2013 and so the average number of apprentices being paid has averaged between 8 and 9 young people per week rather than the full capacity of 11 young people. Nonetheless, the aim is for 12 placements where this can be achieved.

Summary information re 2014-15 budget

New hourly rate (majority)	£5.03
37 hours per week	£186.11
Full year - 52 weeks (per apprentice)	£9,678
12 apprentices all year	£116,133
Average of 9 apprentices all year (2013)	£87,099
2013-14 budget	£67,400

Additional budget required for 9 all year on new hourly rate (if all 9 places fully occupied)	£19,699
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Additional budget required for 12 all year on new hourly rate (if all 12 places fully occupied)	£48,733
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It is proposed to implement the above increases from 1st October 2013.

There are no national funding streams available to meet this cost. Savings are planned within the broader children in care provision service related to ICT equipment for foster carers from 2014-5 of £62K per annum which this additional budget cost could be set against.

4. Other Considerations

In preparing this report the relevance of the following factors have been considered; prevention of crime & disorder, equality and diversity, human resources, environmental, health, legal, property and transport considerations.

5. Officer Recommendation

That Cabinet agrees to all young people placed on the Care Leavers Apprenticeship Programme receiving the National Minimum Wage appropriate to their age with effect from 1st October 2013.

Ian Thomas, Strategic Director of Children and Younger Adults