

AGENDA ITEM NO: 5

To : Members of the Human Resources Committee

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Minute Book, DSO, ISO, Spares x 15
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HUMAN RESOURCES COMMITTEE

3rd June 2010

PUBLIC FORUM STATEMENTS

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BRISTOL CITY COUNCIL HUMAN RESOURCES COMMITTEE**THURSDAY 3rd JUNE 2010****COMMENTS OF UNISON****AGENDA ITEM 6****“APPRENTICES : IMPLICATIONS OF AWARDING THE NATIONAL MINIMUM WAGE TO APPRENTICES UNDER 19 YEARS OF AGE”**

UNISON notes the contents of the report of the Strategic Director with concern. In particular, UNISON would draw members attention to the actual recommendation in the report, by applying the minimum wage to young apprentices, this itself suggests that fewer young persons will come forward as apprentices due to the low salary being paid.

Whilst it is accepted that £95.00 per week is considerably higher than the basic Job Seekers Allowance of £51.85 per week for young persons aged 18 years, once national insurance and taxation deductions are taken in consideration (around 20 % of the income), the actual amount in comparison that apprentices will receive is about £70.00 per week. Bearing in mind that there are other possible benefits which young persons may be entitled to receive, the actual incentive for working becomes of little value.

Whilst the City Council will point out that there will be a loss in the travel allowances for some apprentices if the minimum wage was imposed, UNISON would point out that this itself is only an interim arrangement, and if the apprentice secured full time employment with the City Council, this payment would cease regardless. Equally, the City Council could impose a higher rate of pay for the apprentices without meeting the minimum wage standard, thereby the apprentices would not lose the allowance. Surely, the City Council should be encouraging unemployed young people to find work and not create barriers which may discourage them.

UNISON believes that any salaries set by the City Council must be set as part of the incentives for applying for the posts and not seen purely as part of financial restrictions on the authority.

UNISON is also very disappointed that along with its TU Colleagues, it had not been invited to comment on the contents of the report. Had it done so, the comments in respect of the apprentices salaries could have been avoided.

AGENDA ITEM 7

“EXTERNAL RESOURCING. USE OF CONSULTANTS AND INTERIM MANAGERS: FURTHER REPORT”

UNISON supports the principals contained in the report that through Business Transformation, the number of external Consultants are being reduced. This is to be welcomed, significantly as more of the Council’s own workforce will be considered for conducting the projects carried out by Consultants. What the report does not highlight however, is the need to ensure appropriate training of the Council’s existing workforce should be set aside, and the cost of the training identified as soon as possible in order that the targets under Business Transformation can be achieved.

The report also fails to specify if a further “progress report” will be considered by members of the HR Committee in October this year. This process was agreed at the 2009 October “Joint Employee Relations Board” meeting of the City Council. UNISON seeks an assurance that a further report will be taken to the HR Committee as agreed.

AGENDA ITEM 8

“ANNUAL EMPLOYMENT STATISTICS”

UNISON is pleased to note the breakdown across each department as tabled under Appendix “A”. What UNISON would question. Is why neither the report nor the appendix gives any corresponding figures for March 2009 for relevant departments, but presented an overall picture. It would have been useful to have had sight of corresponding figures, if

they are available. The figures that are shown gives rise to suspicion that the overall reduction in the Council's workforce under its Business Transformation project is not on target. This could give cause for concern, as there may not have been the same budgetary contingencies set aside for the staff currently employed. HR committee are reminded that the Business Transformation project talked around 400 jobs being lost over a 5 year period when it was introduced in 2008, and from what the current figures indicate, the City Council will not be achieving this goal.

AGENDA ITEM 9

“RESPONSE TO TRADE UNION SIDE 2010 PAY AND CONDITIONS CLAIM”

UNISON notes the national response of the Local Government Employees to UCATT in respect of the pay claim submitted by the craft unions, as this will also impact on the current claim submitted by the single status trade unions.

The response by the LGE to this claim was anticipated, as it mirrors the response to date to the single status trade unions. UNISON is therefore disappointed that despite the vast majority of local authorities in England and Wales having set aside projected salary increases between 1 % and 2 % this year, that the LGE have chosen to reject the claims to date, in favour of a pay freeze.

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Public Forum Statement – Human Resources Committee – 3 June 2009
Ian Scott – Unite lead on Learning Partnership Group

Agenda Item 6 Apprentices' Pay Rates (A modern day dockers' tanner)

Background

Bristol is most competitive large English city

Bristol City Council Press Release Date: 28-Apr-2010

'The UK Competitiveness Index 2010, which has been published by the University of Wales Institute, Cardiff (UWIC) ranks Bristol as the most competitive English large City'

*For Bristol City Council's Chief Executive, Jan Ormondroyd, it's evidence that "Bristol is a very exciting place to be these days. Employers are attracted here because they know the city attracts the skilled people they need to be competitive. It's got the right 'buzz', quality of life and cultural offer for the **young and ambitious**, with many graduates of the local universities staying on and seeking a career here.*

"But it's not just about graduates and high-fliers. Many successful small businesses are thriving and expanding, often around the larger firms, providing a wide range of services from construction to catering. A buoyant economy means more jobs and better prospects for all Bristol residents. Home-grown Bristol enterprise is a big part of what makes our city so strong."

However, Bristol City Council's current Apprentices pay of £95 a week is not competitive with other Bristol Employers who pay at least £3.57, the minimum wage hourly rate for 16 and 17 years olds or £4.83 for 18 year olds and we risk losing our apprentices to these competitors.

Under 2. Consultation

2.1 Internal

The Apprentices

- The unions have not been consulted
- **The report does not state what the apprentices said in response to the consultation.**
- Were all the apprentices consulted?
- What did they respond?
- Were the 16-18 year olds offered support to help them respond?

Financial Implications

In the context section, it puts an eventual annual salary cost of £511,257. This **does not represent a cost but misrepresents a saving.**

The apprentices have informed me they are doing real work, that if they were not doing, the Council would have to employ staff on the rate for the job. (minimum council rate for a BG1 is **£6.29 per hour.**

The report provides no data on what percentage of apprentices time is spent doing real work and what percentage is training or an opportunity to feedback on their experiences of the Bristol apprenticeship scheme.

Apprentices have raised these issues with me because they are concerned that if they raised them directly, it may affect their chances of securing employment at the end of the process. The Council needs to find a way to enable apprentices to express their views in a secure confidential way they can trust. **I hope members can consider 'Member Apprentices Champions' from your political groups to make this possible.**

The travel allowance is to be welcomed but is not received by the apprentices who walk to work.

The apprentices are under a 22 month contract of employment with the Council and are therefore in law, council employees. (see appendix 1 below – Apprentices- from the Local Government Employers)

The report recognises that 'Currently all 58 Bristol Apprentices are paid £95 per week (£2.71 per hour) in their first year of apprenticeship. This represents an annual salary of £4,954'. This is not just a matter for the low paid but will also impact on the Council's pay to those at the top.

The Government's coalition programme published May 2010

'We will undertake a fair pay review in the public sector to implement our proposed '20 times' pay multiple

Using this formula 20 x £4,954 means that the top rate of pay in Bristol City Council would be under £100,000.

The report accepts the basic premise of the advantages

'Potential advantages of awarding the national minimum wage to all our apprentices include:

- **attracting more applicants**
- **improving Bristol City Council's image and reputation as a fair and attractive employer**
- **Increasing our competitiveness in the labour market'.**

The greatest under representation, the Council needs to address, is the under 25 workforce. The gap between the real workforce and a representative work force for this group is 12%,

BME 4.7%, Disability 1.7% and LGB 1.9%

Only 4% of our workforce is under 25 years of age, with the smallest age group being the 16 to 19 years old band (0.3%). This compares with 16% of our local population who are aged between 16 and 24.

The Workforce Strategy identifies that Bristol City Council has a mountain to climb in employing young people. **Awarding the national minimum wage based on age rates, which is the competitive rates £3.57 and £4.83 that our rival employers are paying for the same aged staff, is a small step up the mountain.**

I don't understand why, the quoted comparators in the report are only other Councils. In the real world that our apprentices live in, the apprentices can move on to any employer. Other decent employers in Bristol pay 16, 17 and 18 year olds the minimum wage based on age not apprentice rates. These are our real rivals we have to compete with if the Council's workforce strategy is to be delivered.

The report recognises that

The National Apprenticeship Service advises that the national average weekly salary for an NVQ level 2 Apprenticeship is £170 and that they would encourage employers to pay as close to that as possible, depending on the previous experience of the new recruit, as well as the going rate for the position. In their view, you can recruit a higher calibre of youngster if you are prepared to pay a decent wage.

That sounds like the employers of choice Bristol City Council aspires to be

Appendix 1 – Local Government Employers Background Information

Local Government Employers

Apprentices

What is an apprenticeship?

An apprenticeship has a distinct and protected status in law. There are many working arrangements that claim to be apprenticeships but cannot be because they are missing certain key components. A High Court decision in *Dunk v George Waller & Sons Ltd* summarised these key components as:

a.. That the apprenticeship secures wages for the apprentice for the duration of the training programme;

b.. That the training programme will allow him or her to acquire valuable skills; and

c.. The programme will provide employment opportunities in the labour market following the successful completion of the training.

The 'Modern Apprenticeship' scheme (now operating as a broader family of apprenticeships) has been tested in the courts and given the same status as the traditional apprenticeship schemes (*Flett v Matheson*). The courts found that, even though the training element of the apprenticeship was government-funded and the training was provided by a third party (a college) instead of by the employer, the employer was still required to ensure that the training happened (through time off, etc).

An apprenticeship should therefore be a planned programme in place for a defined period of time that combines work and learning and supports an individual to develop skills and knowledge, usually within the framework of achieving a qualification for a particular trade or profession.

Employee or worker?

Modern employment law has assimilated apprenticeships into an employment relationship. This means that true apprentices have an employment contract, although it is a special form of employment contract: it is a contract for training rather than actual employment. Its first purpose is training; the execution of work for the employer is secondary, but employment rights still apply.

To give apprentices the status of a worker may not stand up to any challenge in court: any written agreement or contract that does not reflect the overarching rights of an apprentice is likely to be overruled.

An employment contract for the apprentice therefore exists when an employer agrees to teach a trade and the apprentice agrees to 'serve and learn'. The contract should provide details relating to what training the apprentice will undertake and how this should be done (e.g. college, day release, attending different sites of the employer, etc).

As with other employees, the apprentice's contract must also contain the basic details of their role, their working hours, their rate of pay and their holiday entitlement and other employment benefits. However, although an apprentice's contract may be for a limited period, it is not a fixed-term contract. The Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations 2002 specifically exclude apprenticeships. There are therefore special provisions for ending apprenticeship schemes (see below).



Submission for Human Resources Committee Thursday 3 June 2010

Agenda item 6 Apprentices : Implications of awarding the national minimum wage to apprentices aged under 19 years

Paragraph 5.1 of the report sets the scene very well, the Authority has an aging workforce. Successful strategies need to be implemented including apprenticeships to address this problem. The trade union side highlighted to HR Committee previously the inequity of paying apprentices £95 per week which is below the national minimum wage.

The Authority has to be seen as an attractive employer to young people to recruit the best quality apprentices. Other local employers are paying the minimum wage to 16, 17 and 18 year olds so young people will go elsewhere to work.

The report states affordability and additional financial pressures as the reason not to pay the minimum wage. However, the next report on this agenda states £2.7 million was spent on consultants and interim managers during the last financial year.

HR Committee previously agreed to pay travel costs for apprentices after acknowledging the low level of training allowance they receive. Paragraph 3.5 of the report confirms apprentices are doing real work for the Authority so why not pay them the national minimum wage?

The report contains some surrounding Authority information on what they pay to apprentices but nothing about Authorities who do pay the minimum wage. I am sure that apprentices would prefer to receive the minimum wage because it's greater than the current £95 plus their travel costs.

From my discussions with managers I have heard nothing but good reports about the work apprentices are doing for the Authority. I ask you to reject the report recommendation and agree to pay the national minimum wage to this small group of workers.

Steve Paines

Convenor



South Western Region

1st June 2010

GMB Submission to Bristol City Council HR Committee – 3rd June 2010

The GMB wish to make the following submission:

Agenda Item 6 – Apprentices: Implications of Awarding the National Minimum Wage to apprentices aged under 19 years of age

Bristol City Council allude to be striving to be 'an employer of choice'; it also boasts of being the largest employer in Bristol; it also spends thousands of pounds of public money on equality issues including tackling age discrimination.

The GMB consider it is unacceptable not to pay these young people the minimum wage. Many of whom are above 19 years of age and have a degree. They have come to the Council in hope there will be a future for them.

The report is contradictory – whilst the recommendation is not to support the implementation of the minimum wage it states in paragraph 3.9 penultimate bullet point shows that all bar 8 of the existing 58 apprentices will receive the minimum wage after completing their first year.

When the new coalition government is stating that the highest paid official in any public sector organisation should not be paid more than 20 times the lowest paid it leaves Bristol wanting when it pays £2.50 per hour to their apprentices.

Many apprentices also have to pay rent, heating, lighting, water and buy food, clothes and council tax – they do not get any relief for their age when it comes to the cost of living so why should they not be paid a reasonable wage by the largest employer in Bristol?

The GMB is again confused about the removal of the travel support if they are paid the minimum wage – currently the Council's travel support is applicable upto and including BG5 – why can't they continue to receive support with their travel costs?

The Council is concerned that many departments will not continue to support this initiative if they are paid a decent wage above £2.70 per hour – if the Council is serious about attracting younger workers to stay with Bristol then they should ensure there is sufficient departmental budget to pay these young people appropriately.

Even local part time back bench councillors get paid more than these workers who work standard full time hours (37 hour per week). The GMB is not aware of any newly elected councillor being paid less than other experienced councillors on the back bench. Why should Bristol apprentices not be paid the minimum wage?

Agenda Item 7 - External Resourcing: Use of Consultants and Interim Managers

The GMB is very concerned this report highlights the lack of a programme for 'knowledge transfer'. We have been told time and time again the use of consultants would only be used because of the lack of in-house skills but the Council appear not to have moved forward and no clear plan with timescales set out to address the issue.

Reference is made to a 'robust' process now in place with the recruitment panel overseen by the Deputy Chief Executive and Chief Executive – again some years ago the GMB were told a 'robust' process was in place when appointing consultants/interim management.

Does the £2.7m cost for 2009/10 take into account expenses claimed by consultants/interim managers?

How many consultants/interim managers are still in place post 31st March 2010 and how many were employed pre 31st March 2009? How much did the Council spend on consultants/interim managers in 2008/2009? What is the projected cost/departmental budget for 2010/2011?

The GMB consider that without a comparator figure it makes this very ineffective information. Perhaps we should engage a consultant to undertake this 'specialist' work?

Agenda Item 8 – Annual Employment Statistics

The GMB note with interest the significant increase in temporary staff for 2010 (2516) in comparison to 2009 (913). Is this because whilst vacancies are not being filled on a permanent basis the Council is making use of 'flexibility' in employment through temporary workers? What is the Council's future strategy in relation to temporary workers – will they take the same action recently experienced by in-house agency workers – give them minimum notice of dismissal? What is the Council's strategy?

Rowena Hayward
Organisation Officer

Liz Bebbington
Branch Secretary