

APPRENTICES AND THE APPRENTICESHIP LEVY: PRACTICAL IMPLICATIONS FOR MEMBERS

London may be leading the economic recovery but the youth unemployment rate in the capital is the third highest in England, with nearly one in five 16-24 year olds unemployed.

To help tackle this issue, the National Apprenticeship Service and the City of London Corporation have joined forces to help City businesses, schools, charities, third sector organisations and livery companies to collectively assist young Londoners into employment. A new set of guiding principles has been produced and City firms are being encouraged to target support where it is needed most.

The Government has introduced the apprenticeship levy in response to the national workforce skills shortage, the fact that only 15% of businesses in the UK offer apprenticeship opportunities (with 8% in the capital in 2014) and the fact that the UK is 20% behind the rest of the G7 countries in terms of productivity. The Government aims to encourage businesses to take on 3 million apprentices by 2020. They would like apprenticeships to be viewed as a truly viable alternative to going to university for candidates and ensure that businesses are able to engage a very different talent pipeline.

Key objectives of the levy are to provide sustainable funding for future apprentices and to continue raising the quality of candidates to ensure that businesses see the value of engaging in this talent source with a positive outcome for growing the economy.

The levy will operate as follows; 0.5% of paybill on a business paybill of over £3million per annum, paid through PAYE offering an allowance of £15K. Employers in England who will pay the levy (which account for the top 2% of businesses) are committed to apprenticeship training and will be able to get out more than they pay into the levy through a top-up of 10% added to their Digital Apprenticeship Service account. Employers can use this account to pay for training for apprenticeships. Other services will include support in finding candidates, a training provider and an appropriate apprenticeship training programme.

At a recent roundtable hosted by the Government's City representative, Alderman Dr. Andrew Parmley, as well as advising financial institutions and professional service firms about the proposed levy and mechanics of the scheme, it was clear that there is still scope for questions and feedback.

Government representatives, including Nadhim Zahawi, the Prime Minister's Advisor on Apprenticeships, listened to a number of issues raised from attending firms. These included how to accommodate existing successful schemes being deployed by large organisations; whether there would be the



Eric Linin, Lloyd's of London, with some apprentices (2015)

ability to transfer apprentice funds from one organisation to another in the supply chain (not yet resolved); and the application of a cap on the individual amount funded per apprentice.

One successful scheme is that of Lloyd's of London who were featured in the Member Services 2016 newsletter and appeared at the November 2015 Conference, see photo above.

The Department for BIS has stated that it intends to publish a comprehensive guide for businesses. Once the levy is applied they will be setting up the Institute of Apprenticeships in 2017 with the aim of advising organisations, receiving input from employers and quality controlling the apprenticeship services and schemes.

What is apparent is that the Government is determined that businesses are able to take control of their training and provision for apprentices which was always a challenge in the past. To this end, there will be an established register of training providers set up for firms to use.

Change starts at grass roots level and the aim is to encourage schools to measure their outcomes not just on the number of candidates that go to university but also on the numbers channelled towards apprenticeships. Change will also have to be focused on trying to challenge the perceptions of financial services firms of apprenticeships to ensure that businesses do not just view the launch of the levy as an additional tax but see it as a positive step to engage a wider talent pipeline for the future.

City HR will continue to keep members informed on developments in this area. In the meantime, guidance is available through the Government website: www.gov.uk/governmentpublications/apprenticeship-levy-how-it-will-work or via the City HR office.

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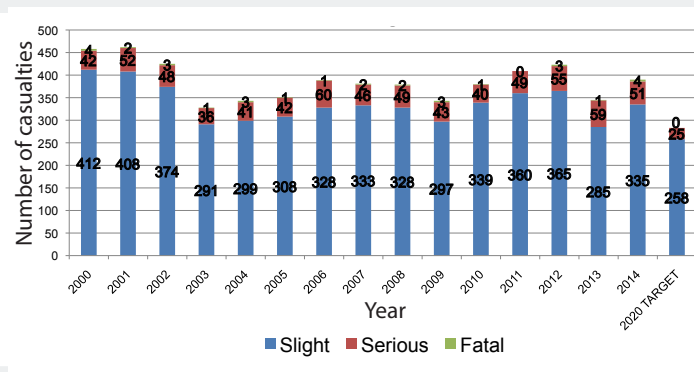
■ MIND THE GENDER PAY GAP
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■ NEW TO THE CITY HR WEBSITE
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CITY HR MEMBER FORUM – MAKING THE WORLD OF WORK BETTER FOR YOUR EMPLOYEES

As part of our series on safety at work, **Addleshaw Goddard** hosted an insightful presentation by the City of London on **safe cycling and domestic violence** at the Member forum in March, and put this into legal context from an health and safety perspective. As an HR Manager, being aware of external sources to help keep employees safe is invaluable and these are detailed within this article.

Cycling has never been so popular and the sheer growth of cyclists has contributed to an unfortunate growth in cycling casualties across London which is well documented in the national press. In 2014 there were 13 cyclists killed and 419 seriously injured on London's roads, 3 deaths and 20 seriously injured within the City alone. As an HR Director one of the most difficult conversations one can have is to tell employees and family members of just such a tragedy, let alone the damage for company morale and productivity.



Total casualties in the City 2000-2014 and 2020 target data

The City of London has specific targets in place to reduce the number of cycling casualties by half by 2020 and put into place a 1.5 mile per hour reduction in speed, both measures which will deliver a very positive impact on cycle safety. In the City of London much is being done to support cyclists including the implementation of **major infrastructure projects around Holborn and Aldgate** to improve the flow of traffic and provide specific cycle pathways to deliver significant safety benefits to cyclists currently navigating these challenging routes. Every one- way street in the City of London is now a two- way street for cyclists.

The City of London would like to invite your company to take up the **free 2- hour cycle training** accessible to anyone who works, lives or studies in the City. Tailored training is available to everybody at all levels from absolute beginners to advanced cyclists. A road safety roadshow is also offered which can be booked for your company together with a City Cyclists Accreditation Scheme which would link your corporate cycle parking allocation to cycle training.

To assist employers with policy development and communications, the City of London Corporation - under the leadership of Deputy Alderman Richard Regan - has produced a suggested policy and employee email template to keep cyclists safe. These can be downloaded from the City HR website (Publications/Toolkits) or available from the office.

Please contact the City of London's expert training providers for further information. Email Sheila.Moules@cityoflondon.gov.uk or call Sheila on 020 7332 1234.

Following a successfully received conference, 'Behind Closed Doors' which the City of London hosted in October 2015 aimed at City-based Facilities Managers, the City of London aims to disseminate resources and support available to HR Directors to focus on the taboo subject of the risks exposed by abusive partners.

On 29th December 2015 new legislation was introduced around coercive control which makes it illegal to coercively control someone in a relationship, including other members of the family irrespective of gender or sexuality.

Robin Newman, Domestic Abuse Coordinator and Ayesha Fordham, Vulnerable Victim Advocate, from the City of London gave a very succinct and detailed summary of what constitutes domestic abuse, dispelled the myths around this area, summarised the issues around power and control and explained how HR Managers might be able to help their employees who might be experiencing violence and intimidation at home. They made it clear that abuse can happen across social class, gender and sexuality and that one often has to challenge one's own assumptions as to the type of individual who might abuse a partner or family member.

The statistics are such that 2.1m people per year suffer some sort of domestic abuse which equates to 1.4m women (8.5% of the population) and 700,000 men (4.5% of the population). 7 women per month are killed by a current or former partner in England and Wales and 62% of children living with domestic abuse are directly harmed by the perpetrator of the abuse, as well as the harm caused by witnessing the abuse of others.



Much can be done to support employees in the workplace and HR can play a central role in ensuring that the correct signposting is available on the company intranet, within the staff handbook, via the Employee Assistance Programme, alerting security to a known issue with an employee and a suspected abuser and above all else, ensuring that the employee in question is able to access support at work through the City of London. **Ayesha Fordham, the Vulnerable Victim Advocate** is on hand to personally visit that individual at work and ensure that they are able to access the relevant and crucial support for them and their family members. If you know anyone who would benefit from free, confidential advice please call Ayesha on 07944 634 946. If you would like to learn more about the City of London's support for victims of domestic abuse, please contact **Robin Newman at robin.newman@cityoflondon.gov.uk or on 020 7332 1639.**

MIND THE GENDER PAY GAP by Nick Hurley, Employment Law Partner, Charles Russell Speechlys

The Government published on Friday 12 February its long-awaited draft Gender Pay Gap Information Regulations which they consulted on until 11 March.

Although originally expected to be effective from Spring 2016, the Regulations will not come into force until 1 October 2016 at the earliest. In April 2017 employers will be required to take a preliminary snapshot of their pay data from a specific pay period and then have a further 12 months, until April 2018, in which to analyse and then publish the required information for the first time.

Who will be affected?

The gender pay gap reporting requirements will apply to all employers in the private and voluntary sectors with at least 250 'employees'. On the current draft Regulations, it appears that only employees are caught but we understand that the Government has already indicated that in the final Regulations this will include the wider categories of worker and the self-employed. This will make the task more onerous for employers if this change comes to pass.

What is included in pay?

Pay will include basic pay, paid leave, maternity pay, sick pay, shift premiums and bonuses. It does not include aspects such as overtime, expenses, the value of salary sacrifice schemes, benefits in kind or redundancy pay.

When should the information be published?

The Regulations set a specific date (30 April each year starting April 2017) for employers to take a preliminary snapshot of data about a particular pay period (the period the employer usually pays the employee i.e. weekly, monthly). The proposed annual reporting cycle is intended to allow employers to analyse and publish the information any time within 12 months of the data snapshot on a date of their choice. The first date for publishing the reporting information is by April 2018 and annually after this.

What information should be published?

There are four ways in which pay must be reported on:

- the overall mean gender pay gap
- the overall median gender pay gap
- gender bonus gap
- salary quartiles

The comparison will be done using average earnings figures which are unaffected by the number of hours worked so employers will need to calculate an hourly rate for each employee. The Government has decided that

there is no need for employers to report on the gender pay gap by reference to job titles or grades or similar. However, reporting on the mean and median will make it more difficult for the employer to reduce the impact of unfavourable figures entirely. Linking the guidelines to Table 1 below, the reporting required is as follows:-

(a) Difference in mean pay

Employers must report on the difference in mean pay between male and female employees as this will reflect the full earnings distribution. The Government considers this is useful because women are often over-represented at the low earning extreme and men over-represented at the high earning extreme.

(b) Difference in median pay

Employers must also report on the difference in median pay between male and female employees which will identify the wage of the middle earner. The Government considers this is the best representation of the "typical" difference and is unaffected by a small number of very high earners.

(c) and (d) Bonus gap

The reporting requirements in respect of bonuses are:

- the difference between the mean bonus payments paid to men and women for those who receive bonuses; and
- the proportion of male and female employees who receive a bonus

(e) Salary Quartiles

Employers must also report on the number of men and women in each quartile of pay (four equally divided bands of pay from lowest to highest). Employers will calculate their own quartiles based on the overall pay range of their workforce. The purpose is to identify the numbers of women and men in each quartile and is intended to help employers consider where women are concentrated in terms of their remuneration and any blocks to their progression.

Andrew MacLeod, Associate Partner at McLagan, illustrates the audit requirements in Table 1.

Disclosure Requirements - Gender Pay Gap Reporting				
(a)	(b)	(c)	(d)	(e)
Hourly Mean Pay Difference During 'Pay' Period (%)	Hourly Median Pay Difference During 'Pay' Period (%)	Mean Bonus Pay difference over 12 month period (%)	Eligibility for Bonus over 12 month period (%)	Count of M & F employees across quartile pay band (no.)

Table 1

(Illustration Source: McLagan 2016)

Where should the information be published?

The information must be published:

- on the employer's searchable UK website so that it is accessible to both employees and the public. It should remain there for three years and be accompanied by a statement confirming it is accurate and signed by an appropriate senior person in the organisation; and
- on a government-sponsored website.

What is the penalty for any failure to publish?

- The Government has decided that it will not create any additional civil penalties for failure to publish the required information. However, it is intending to produce publicly displayed tables by sector of employers' reported pay gaps. It will identify and highlight employers publishing full and explanatory information and may also publicise those known not to have complied.
- The lack of a penalty for failure to comply is likely to result in pressure groups naming and shaming in an attempt to cause as much reputational damage as possible. The Government will be closely monitoring compliance and will keep the position on penalties under review.

Will there be further guidance?

The Government will publish guidance this year to help employers implement the Regulations. It will set out how to account for the different governance structures (such as subsidiaries and parent companies) and give advice on providing a voluntary narrative to explain any pay gaps and what actions the employer is taking. The Government considers that contextualising any

Continued overleaf

gender pay gap with a voluntary narrative should mitigate the risk of reputational damage.

What should employers do now?

Employers have been given a much longer breathing space to prepare than originally expected. But to conduct a full and proper review and manage any equal pay issues that may arise will take time and a commitment from senior management to the process. In particular, we recommend employers should take action as soon as possible.

Andrew MacLeod concludes that employers may want to consider conducting an Equal Pay Audit and in this scenario sets out the proposed steps in Table 2.

Nick Hurley, Employment Law Partner, Charles Russell Speechlys and **Andrew MacLeod**, Associate Partner, McLagan

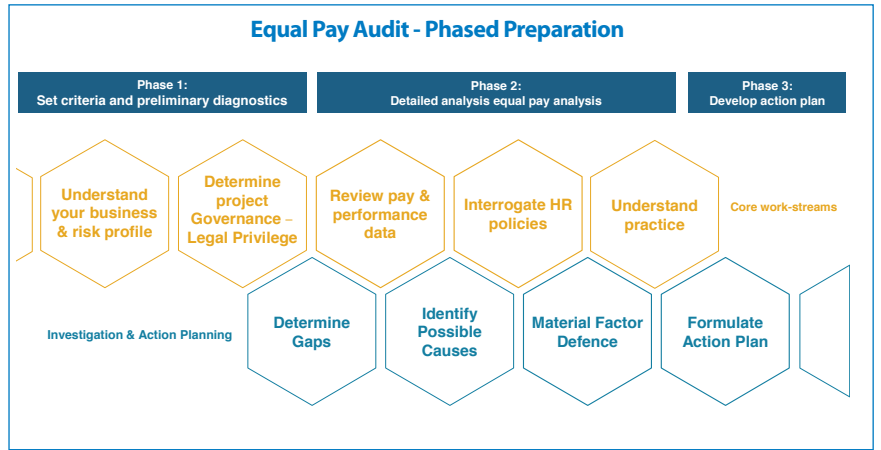


Table 2 (Illustration Source: McLagan 2016)

Train the Trainer and Employee Conduct Training 17th May 2016 and in-house thereafter

City HR, in conjunction with the BBA, has recently put together a bespoke and off-the shelf training programme for senior managers and all employees on the Conduct Rules arising from SMCR and SIMR.

Our sessions are designed to train the trainer to deliver employee conduct training across your organisation. For those lacking internal resources, City HR can facilitate this training on your behalf. For more information and to see how we can help you, contact Andrea Eccles at andreaeccles@cityhr.co.uk, visit the website or view the BBA's website at www.bba.org.uk/training/employeeconduct

Forthcoming events:

HR Metrics Club (Free)
26th April - 8.30 am to 10.30 am

BBA and City HR (£995)
Train the Trainer - Employee Conduct Training and supporting materials
17th May - 9 am to 1 pm

NGLs: Practical Reward Strategies (£95)
18th May - 8.30 am to 11 am

Member Forum and Reception (Free)
14th June 4.30 pm onwards

City Business Traineeships

Square Mile employers sought for City of London Business Traineeship Programme 2016

The City of London's prestigious Business Traineeship (CBT) programme is looking for new corporate partners to join the likes of UBS, Société Générale and Lloyd's of London who provide paid internships to young people every year. The CBT programme introduces City firms to a new and diverse talent pool, helping them to meet their CSR, equality and diversity objectives cost effectively.

The Brokerage, who deliver the programme recruit high-achieving, motivated and ambitious 'A' level students from inner London state schools into over 100 paid placements annually.

Aside from the trainee's wages, employer participation is free.

For more information, contact Melissa Lucien on 020 7628 9904 or visit: www.thebrokerage.org.uk/file/cbt-programme-2015-yearbook-pdf

Document updates on City HR website

Under PUBLICATIONS:

Safe Cycling Policy and Employee Email Template (City of London Corporation)

Gender Pay Reporting article (Charles Russell Speechlys)

Gender Pay Reporting Calculations (McLagan)

Whistleblowing - Legal and Regulatory (including policy guidance) (Paul Fontes, Eversheds)

In Members Area under REWARD AND REGULATION UPDATE

Fitness, Propriety and Certification Practitioner Overview (Ruth Cole for City HR)



Published by
City HR Association,
St Clement's House
27/28 Clement's Lane
London EC4N 7AE
TEL: 020 7670 1932/4
E-mail: info@cityhr.co.uk
www.cityhr.co.uk

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