

**Report for:** Staffing & Remuneration Committee

**Title:** Apprenticeship Update

**Report**

**authorised by:** Richard Grice Assistant Director for Transformation and Resources

**Lead Officer:** Maxine Sobers, Workforce Resourcing Manager

**Ward(s) affected:** none

**Report for Key/  
Non Key Decision:**

**1. Describe the issue under consideration**

The Committee approved the introduction of the current apprenticeship programme in January 2015. Since then, the Government has put forward a number of proposals as part of its Finance Act 2016 and its Enterprise Act 2016 (namely apprenticeship levy and public sector targets) which are planned to take effect from April 2017. This report provides the Committee with an update on the progress of our apprenticeship programme and the implications of the apprenticeship levy and targets for the Council.

**2. Cabinet Member Introduction**

Not applicable

**3. Recommendations**

The Committee is recommended to note:

- a. The progress of the apprenticeship programme; and
- b. The requirements of the apprenticeship levy, planned public sector targets and the financial implications thereof

**4. Reason for decision**

Not applicable

**5. Alternative options considered**

Not applicable

**6. Background**

6.1. On 26<sup>th</sup> January 2015, the Committee approved proposals to introduce a Council apprenticeship scheme. Alongside an internship and graduate scheme they collectively form our offer of entry level schemes providing paid employment routes into the Council.

6.2. It was agreed that:

- a. The Council delivers, from April 2015, an apprenticeship programme aimed at 16–24 year old Haringey residents or those aged at least 16 attending a school in the London Borough of Haringey.
- b. The Council delivers, from April 2016, a programme for Traineeships, that is focused on giving young people the skills and experience that employers are looking for, and which is aimed at those who are leaving care and making the transition to adulthood and/ or who are Not in Education, Employment or Training (NEET). The programme was to be targeted towards 16 to 24 year olds, being Haringey residents or those attending a Haringey school.
- c. Apprentices to be paid the National Minimum Wage (NMW) of £6.50 per hour in the first 6 months and the London Living Wage (LLW) of £9.15 per hour thereafter.
- d. Existing Council staff, where appropriate, to be offered the opportunity to follow Apprenticeship Qualification Frameworks, as part of their skills development.

6.3. The agreed objectives of the programme were to:

- a. Contribute to the re-balancing of the workforce profile
- b. Develop job ready employees with the right skills
- c. Increase job opportunities for Haringey residents and contribute to Priorities 1 and 4 of the Corporate Plan
- d. Employ a minimum of 20 apprentices
- e. Provide a coordinated and consistent programme within the organisation
- f. Develop career pathways and skills for the future in the Council
- g. 90% successful completion of an apprenticeship framework
- h. 80% retention, with apprentices gaining permanent employment within the Council and or with our partners and contractors

6.4 Since April 2016, the payment of apprentices by the Council has changed with the introduction of a slightly higher National Living Wage (NLW) rate of £7.20, which the Council pays apprentices in their first 6 months, and the LLW thereafter, subject to the successful completion of their probationary period. The adoption of the NLW was approved by the Committee on 31<sup>st</sup> March 2016. The annual salary of an apprentice in Haringey is currently £12,983.

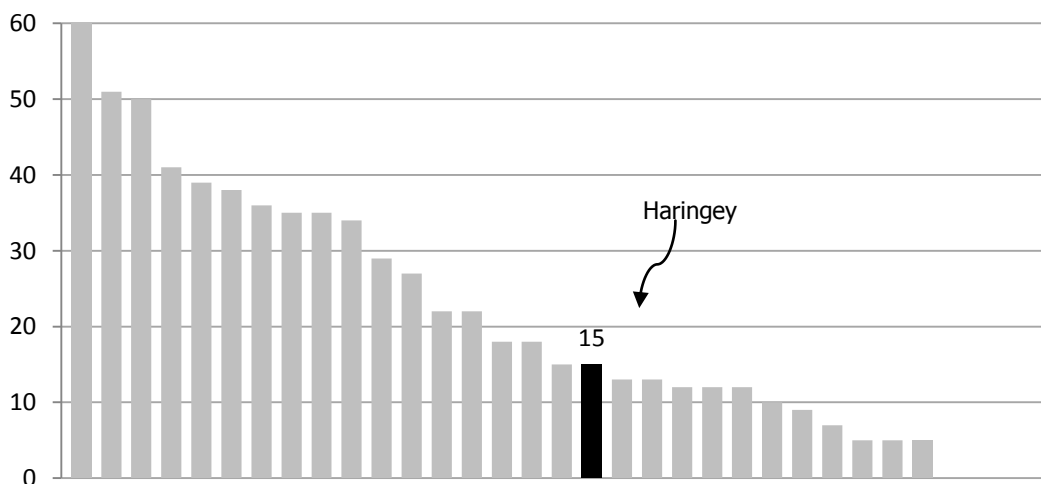
## 7. **Haringey 100**

7.1. The Council launched a drive for 100 apprentice places in 100 working days as part of a dedicated plan to get people into work. The Haringey 100 campaign encourages businesses and organisations to pledge placements for the borough's young people that will help them learn new skills and get onto the job ladder. This project is led by the Economic Regeneration team.

7.2. As the largest employer in the borough, the Council agreed to take on 20 apprentices to kick-start the project. Employers such as the Tottenham Hotspur Foundation, North Middlesex Hospital, Homes for Haringey and VolkerFitzpatrick agreed to take on apprentices as part of the project taking the total number of pledges made during the 100 (working) days to 127.

- 7.3. Delivery of the project has highlighted some significant and, arguably, structural obstacles to increasing and improving the take up of apprenticeships. The main ones that have been identified as part of the project are that:
- Apprenticeships are still not regarded, by many young people, schools and parents, as an attractive option.
  - Difficulties in sourcing suitable candidates. Many young people have not achieved the minimum academic requirement, nor have the requisite employability skills to handle workplace demands.
  - Apprenticeship roles are not always identified at the time of redesigning teams and services within the Council. Often where managers are interested in recruiting a new apprentice the current budget restrictions have prohibited progress.
  - Experience to date indicates a significant level of pastoral support is required, in particular for younger apprentices. This is not always a consideration when managers are making the case to recruit an apprentice. Subsequently, inadequate levels of support means the programme is vulnerable to apprentices not finishing the programme successfully.
- 7.4. Since June 2015, the Council has employed 20 apprentices and an additional 29 apprentices have started with partner employers. Work is ongoing to fill the remaining vacancies that have been pledged by partner employers. Whilst we have made an improvement in the recruitment of apprentices we are still somewhat behind in comparison to some other boroughs (see illustration below).

Figure 1: Level of apprenticeship starts across London Boroughs (2015-16). At the time of data collection the Council had appointed 15 apprentices and has since recruited a total of 20.



## **8. Providers**

- 8.1. Three providers were selected to deliver the qualification training:
  - a. College of North East London (CoNEL) for generic frameworks such as Business Administration and Customer Services
  - b. Capel Manor for Horticulture
  - c. Agilisys ARCH for an IT Infrastructure framework
- 8.2. Selection was based on expertise of the academic institution, level of support available as well as cost. CoNEL waived all employer contribution costs, saving us approximately £18,000. All three suppliers managed the initial recruitment stage for us and ensured that all applicants met the minimum requirements to undertake an apprenticeship.

## **9. Recruitment and generating apprentice roles**

- 9.1. Apprenticeship vacancies were advertised on web-sites of the following organisations: the Council, National Apprenticeship, CoNEL, Capel, ARCH and Youth Space
- 9.2. Apprentices are typically recruited by the Council in small cohorts and contracts vary from 12 months for a business apprenticeship programme to 18 months for a horticultural programme. Similarly the standard of qualifications undertaken varies from Level 2 which is GCSE standard to Level 3 which is equivalent to 'A' Level standard.
- 9.3. Creating the apprenticeship roles within the Council has proven to be quite a challenge in the current economic climate of reduced budgets and shrinking workforce. It has also meant there have been fewer resources available to nurture and support apprentices which is an essential component to ensure that they complete the programme.
- 9.4. Appendix 1 provides a table of the apprenticeship roles created and progress against them.

## **10. Programme Completion**

- 10.1. Appendix 2 illustrates further information about the make-up of the 20 apprentices appointed.
- 10.2. Due to the apprenticeship lifecycle the number in post at any one time can fluctuate. Nationally 3 in 10 fail to complete their apprenticeships and in Haringey to date we have had three people not complete the programme. All three were part of our first cohort and stated personal reasons for leaving the programme early. Of the seven that have now left the programme four successfully completed the programme. Two of the group went onto secure permanent employment within the Council as Data Administrators (one is also studying for a degree). By staying within the Council, these officers now also provide a 'buddy/mentor' support to new apprentices. The feedback from these

officers about the programme is extremely positive and below are quotes they provided about their time on the programme: (Appendix 1 provides a breakdown)

**Apprentice 1:** “I have had a wonderful, wonderful year ...it’s been the best experience. It’s helped me find my career. Being trusted to do things myself has helped me to grow and mature as a person.”

**Apprentice 2:** “I have learnt so much from my colleagues and managers and been given unique opportunities. I’ve been able to engage with the community in a different way.”

10.3. The offer to undertake the same qualification was available to our own staff and the promotion was targeted to specific teams such as Customer Services during a limited time period. There was no take-up of this offer. We believe this would have been for a variety of reasons, which could include the level of qualification offered not being high enough (i.e. they already have this standard of education) and/or they did not believe that obtaining that qualification would directly improve their career prospects.

## 11. Issues arising during the programme

11.1. By employing apprentices on a cohort basis, we were able to identify issues and resolve them without necessarily impacting all 20 recruits and /or their managers. Listed below are the key issues faced during this programme and how those matters were addressed.

Issue	Resolution / Outcome
<b>A. Economic conditions reduces appetite to recruit apprentices</b>	
<p>Nearly all services within the Council are facing pressures to reduce cost. This includes reducing headcount, change of operating model and as a result significantly less emphasis on creating roles traditionally suited to apprenticeships.</p>	<p>In-house campaign set up to promote apprenticeships which did result in nine apprenticeship roles created. However, recent restrictions on spend and sharper focus on generating savings has resulted in some services electing to ‘place on hold’ the roles they have created.</p>
<b>B. Higher levels of support including pastoral care required</b>	
<p>Apprentices require considerably more support and in particular pastoral care compared to other staff due to their age and lack of experience of work.</p> <p>Initially, managers did underestimate the level of care required to support apprentices to be successful and engaged employees.</p>	<p>Managers and supervisors are invited to attend in-depth induction briefings from the training providers.</p> <p>The Workforce Programme team provides additional support and assistance to apprentices.</p>
<b>C. Cumbersome recruitment process</b>	
<p>A host of recruitment related issues, predominantly around process were</p>	<ul style="list-style-type: none"> <li>Managers are supported throughout the recruitment process and job roles</li> </ul>

Issue	Resolution / Outcome
<p>inhibiting the programme. These included:</p> <ul style="list-style-type: none"> <li>• Process to start recruitment was cumbersome for managers.</li> <li>• The job profile did not provide enough information to enable applicants to select a specialist area.</li> <li>• The interview format was too short and did not allow the relationship between interviewer and interviewee to be developed in the time allowed.</li> <li>• Pre-employment checks delayed actual start date as applicants did not readily have the required documents such as appropriate references or proof of address.</li> <li>• There was no probationary period or meeting, apprentices automatically progressed onto the higher salary after six months in post.</li> </ul>	<p>are advertised on their behalf to reduce administrative burdens.</p> <ul style="list-style-type: none"> <li>• The advertisement &amp; job profile have been improved and now includes more information making it easier for applicants to select an area of interest.</li> <li>• The interview format was improved.</li> <li>• Apprentices were fully supported during the pre-employment checks to ensure they were able to commence employment and this included where possible making discretionary allowances or exercising patience and delaying start dates.</li> <li>• Apprentices now have to successfully pass a probation period, before moving to the higher salary. The probation meeting also provides the apprentice with a formal check point to assess progress with their manager.</li> </ul>
<b>D. Appointing apprentices from Leaving Care</b>	
<p>We have worked closely with the Leaving Care team, attending specific recruitment events and offering pre-appointment support; however this did not translate into any expressions of interest to apply for a Council apprenticeship.</p>	<p>We remain committed to supporting apprentices from all backgrounds. Based on our existing experience, we also recognise that additional support may be required from the outset and throughout the programme for those who may benefit from it.</p>
<b>E. Retention opportunities limited beyond apprenticeship period</b>	
<p>Managers express an interest in taking on an apprentice but do not have a clear onward plan prepared for the apprentice beyond the life of the apprenticeship programme.</p>	<p>We offer apprentices a similar level of support as given to staff facing redundancy in order to support them finding a job. This includes CV and interview skills workshops and access to a career portal. We also prompt managers to explore career opportunities well in advance of the end of the apprenticeship. Going forward, we need more focus on services having a clear onward plan in place for apprentices which provide a career framework for them and include this in their local workforce plan.</p>

## 12. Review of progress against objectives

	<b>Objective</b>	<b>Progress</b>
A	Contribute to the re-balancing of the workforce profile	We have employed 20 apprentices, 11 interns and 5 graduates since 2015. It is not possible to illustrate this as a percentage of the workforce as intakes and leavers crossover, nonetheless a positive contribution given the ongoing pressure to reduce the Council's overall headcount.
B	Develop job ready employees with the right skills	Apprentices receive regular review meetings both individually and as a cohort. We also offer a host of additional support to help apprentices secure a job on completion of the programme. This includes practical workshops for CV writing and interview skills practice, access to career coaches and online tools such as HAYS career portal which lists up to date nationwide vacancies. In some instances, apprentices have also received buddy/mentoring support from our graduates and /or alumni apprentices.
C	Increase job opportunities for Haringey residents and contribute to Priorities 1 and 4 of the Corporate Plan	70% of the apprentices appointed have a connection to Haringey either as a resident or due to attending a Haringey school.
D	Employ a minimum of 20 apprentices	Twenty apprentices have been employed during 2015 / 2016.
E	Provide a co-ordinated and consistent programme within the organisation	The apprenticeship programme is managed by a Workforce Resourcing Manager who also oversees the other entry schemes and redeployment support. It means we can take a holistic approach in terms of support, ensuring that all apprentices were employed on the same salary and receive the similar levels of support and development opportunities. The exception to this arrangement is the Air Apprentices employed in the smarter travel team which are funded by the Mayor of London's Air Quality Fund and paid the LLW.
F	Develop career pathways and skills for the future in the Council	The Haringey Academy includes five Faculties led by senior managers. Each faculty plans to offer and provide career pathways which will be linked to job families and professional development opportunities in skills we need in the future and could include entry level roles such as planners and project managers.
G	90% successful completion of an apprenticeship framework	Seven apprentices have now left the programme, of which four have successfully completed the qualification.  The remaining 13 apprentices appear to be on track to

	Objective	Progress
		successfully complete their programme, based on feedback from the training provider, manager and the apprentice. If this happens, it would mean that of the 20 apprentices recruited we will achieve an 85% successful completion rate. Nationally 3 in every 10 apprentices drop out of the programme early.
H	80% retention, with apprentices gaining permanent employment within Haringey and or with our partners and contractors	Two apprentices have secured permanent roles within the Council and a third apprentice has been offered a fixed term role. Until the programme is complete this data is unavailable. An 80% retention target is very challenging in the current climate as the Council continues to reduce the size of its workforce year on year. Our approach has been to fully support apprentices to secure positions both in and outside of the Council.

12.1. This review takes place at a time of considerable change to the apprenticeship landscape. As such, this report does not make specific strategic recommendations as they are likely to be superseded by changes made under the Government's Finance and Enterprise Acts 2016, which changes are planned to come into effect from April 2017. A summary of the key points which will impact on the Council is contained in the sections below along with a set of actions.

### 13. Enterprise and Finance Acts 2016

13.1. The Government is reforming its apprenticeship system to help create 3 million apprenticeships by 2020. Key changes that will impact the Council are the introduction of an apprenticeship levy and public sector targets, which changes will be made under respectively the Finance Act 2016 and the Enterprise Act 2016 Enterprise Bill.

13.2. **Apprenticeship levy:** from 6<sup>th</sup> April 2017 all employers operating in the UK with a pay bill in excess of three million pounds each year will be charged a levy at a rate of 0.5% of the employer's total pay bill, less a "levy allowance" of £15,000 per year. In this instance, the pay bill is made up of the total amount of earnings subject to Class 1 secondary National Insurance Contributions (NICs). The Council's levy will be £796k per annum of which £410k relates to school based employees and will be recouped from governing bodies' delegated budgets.

13.3. The Council will be able to access (drawdown) the levy funds to pay for apprenticeship training and assessments via a digital portal. Funding bands will be set for every individual apprenticeship framework and standard. This will limit the amount of levy funds an employer can spend on training for an individual apprentice. Employers can, if they wish, spend more than the funding limit from other resources. The levy funds cannot be used to fund an apprentice's salary or other related support costs.



- 13.4. **Apprenticeship target:** public sector organisations with 250 employees or more are expected to meet a target of the number of apprenticeship starts each financial year being the equivalent of 2.3% of their workforce at the start of that year. For the Council this is the equivalent of creating 54 apprenticeship roles each year. Apprentice starts can include existing staff and the range of training available is up to graduate level. This wider scope offers the Council the potential to skill-up existing staff into a range of roles which are either difficult to fill or require a higher level qualification and thereby help build future capability. The details of the system of targets will be set out in regulations to be made under the Enterprise Act 2016. Those regulations have yet to be published.
- 13.5. These proposals present at a particularly challenging time for all local authorities. Our experience so far suggests that budget and resource pressures on managers inhibits the appointment of apprentices and we do not anticipate this situation changing. The London Government Association (LGA) are lobbying for Councils to be exempt from the 2.3% target, primarily as it may enforce creation of positions that Councils have been steadily reducing since 2010. There is no firm update on the outcome of this challenge. The Enterprise Act says that the public bodies for whom the targets are set must have regard to them and to applicable guidance issued by the Secretary of State in relation to the targets. Accordingly, the Council could decide not to meet the targets if it had good reason for not meeting them. However in the long term the consequences for the Council of not meeting the targets is currently unknown, given the risk that the Government could then amend the law to make following the targets mandatory.
- 13.6. **Schools:** it is not clear whether the governing bodies of schools where the Council is the employer (i.e. community, community special, voluntary controlled and maintained nursery schools) should be treated as separate organisations for the purposes of meeting the 2.3% apprenticeship target. In other words, it is unclear whether the Council employees based in those schools are included in the Council's headcount for the purpose of calculating the targeted number of apprenticeship starts. The governing bodies of other schools maintained by the Council (i.e. foundation, voluntary aided and foundation special schools) employ the staff at their schools and will be treated as separate organisations for the purposes of meeting the 2.3% apprenticeship target. However the target will only apply to them if they have 250 or more employees. London Councils are lobbying for the government to make the governing bodies of schools where the local authority is the employer responsible for meeting their own targets, as well as pushing for apprenticeship targets to be based on full time equivalent posts (FTE) and not headcount. Should it be confirmed that Council employees based in schools are included in the Council's headcount, we would have an apprenticeship target of 137 starts, rather than predicted 54 starts.

## 14. Planning for April 2017

- 14.1. Discussions with the Senior Leadership Team recommended that our approach should be inclusive and actively support our workforce planning requirements today (i.e. fill existing skills gaps and hard to recruit roles such as social workers)

as well as the roles we need in future. This is notwithstanding the concerns about the impact of the levy on the Council's already stressed budget.

14.2. HR will work closely with the Economic Regeneration team to take a holistic approach to this challenge. Key actions we plan to undertake include:

- a. Research: a series of local workforce discussions with key stakeholders to better understand and identify the Council's current and future workforce requirements.
- b. Presentation to the Corporate Management Group to raise wider understanding and commitment to the importance of recruiting apprentices and /or consider such roles when redesigning services.
- c. Collaboration: identify how we can support Ada, the National College for Digital Skills which recently opened in Tottenham Hale with the appointment of a higher level IT apprentice. To also explore other similar opportunities for working with local partners.
- d. Career Paths: Work with the faculty leads to identify skills required in the future to help develop career pathways.
- e. Identify higher apprenticeship programmes that will support the Council to meet a skills gap and that are appropriate for existing staff to undertake.
- f. Policy: to review and revise policies related to apprenticeships
- g. Develop a plan to engage the governing bodies of Council maintained schools
- h. Provide this Committee with a further update next year.

#### **15. Contribution to strategic outcomes**

The apprenticeship programme is an entry level scheme which directly supports the delivery of Priority 1: Commitment to youth employment and Priority 4: to encourage growth and bring new jobs to the borough, of the Council's Corporate Plan.

#### **16. Statutory Officers' comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities Finance**

Haringey Council will need to make provision for approximately £796k levy payment, and to recoup the schools portion, and anything else that can be recouped.

Once Haringey Council have declared the levy to HMRC, Haringey will be able to access the funding through a new digital apprenticeship service account, this will include a 10% top up from the government. Funds will expire 24 months after they enter the digital account, so there is a time limit to make use of the available funding.

Services would need to fund salary element of all new apprentice roles created and any associated costs, as they do currently.

If corporate funding is not available, services may need to fund the levy.

## **Procurement**

Any commissioning the Council undertakes in relation to training providers or assessment organisations for the delivery of apprenticeship qualifications must conform to the requirements of the Public Contracts Regulations 2015. The Regulations, sets out, inter alia, the requirements for the selection of organisations from approved lists or frameworks, as well as, contract award and publication.

## **Assistant Director of Corporate Governance**

Section 109 of the Finance Act 2016 provides that the Council will not be able to make any deduction from the earnings of its employees or apprentices in respect of its liability to pay the apprenticeship levy. It also says the Council will not otherwise be able recover from them the cost of that liability.

The Council will need to comply with the Public Contracts Regulations 2015 when selecting training providers and assessment organisations from the approved registers.

Under section 24 of the Enterprise Act 2016, the Council will be required to publish and send to the Secretary of State information on its progress towards meeting the apprenticeships target annually.

The remainder of the legal implications are contained in the body of the report.

## **Local Government (Access to Information) Act 1985**

N/A

## Appendix 1: List of apprenticeship roles created and filled

Apprentice Frameworks	Business Area	Number recruited (qualification level)	Stage of programme		
			Complete (4)	In progress (13)	Left early (3)
<b>Cohort 1: July 2015 (x 8)</b>					
Business Administration x 4	Commissioning	1 (level 2)	■		
	Children's Services	1 (level 2)			■
	Human Resources	1 (level 3)	■		
	Regeneration	1 (level 2)	■		
Horticulture x2	Parks	2 (level 2)		■	■
Customer Service	Customer Services	1 (level 3)			■
Air Apprentice	Smarter Travel	1 (level 3)		■	
<b>Cohort 2 – November 2015 (x9)</b>					
Business Administration x 6	Legal Services	1 (level 2)		■	
	Electoral Services	1 (level 3)		■	
	Shared Service Centre	1 (level 2)	■		
	Winkfield Centre	1 (level 2)		■	
	Youth Locality Team	1 (level 2)		■	
	Regeneration	1 (level 2)		■	
Employment Support	Strategy & Regeneration	1 (level 3)		■	
IT	IT Services	1 (level 3)		■	
Youth Work	Outreach & Engagement	1 (level 2)		■	
<b>Cohort 3 – August 2016 (x 10)</b>					
Horticulture x 2	Parks x2	2 (level 2)		■ ■	
Air Apprentice	Smarter Travel	1		■	
Business Administration x 6	Human Resources	on hold			
	Democratic Services	on hold			
	Learning Disabilities	on hold			
	Children's Services	on hold			
	Adults Learning X2	on hold			

## Appendix 2: More information about the 20 apprentices recruited

### Appendix 2: Information about apprentices recruited

