

Agenda item:

Title of meeting: Employment Committee

Date of meeting: 4th November 2014

Subject: Apprenticeships - Follow up report

Report by: Jon Bell - Head of HR, Legal & Performance

Wards affected: N/A

Key decision: No

Full Council decision: No

1. Purpose of report

To update members of the Employment Committee on the actions requested of officers at the Employment Committee held on 16th September 2014.

2. Recommendations

Members are **recommended** to:

- (i) note the positive progress to date in promoting apprenticeships within the Council as detailed in Appendix 1
- (ii) Note the research that has been completed and the outcomes identified
- (iii) Agree the following recommendations for work to increase apprenticeship opportunities within the City Council.
 - a. Set an Apprenticeship rate for the City Council at the National Minimum Wage rate for 18-20 year olds which is currently £5.13 per hour (£9,870.12 per annum excluding employment on-costs).
 - b. Continue to identify staff in post who could convert to an Apprenticeship to enable access to a qualification.
 - c. Work with services with high agency costs to identify any possible apprenticeship opportunities.
 - d. Work with services to identify external funding opportunities to create supernumerary apprenticeship posts.
 - e. HR officers to develop internal marketing and case studies to support apprenticeship recruitment.

3. Background

- 3.1 Discussion at the Employment Committee of 16th September 2014 concluded that officers should continue to increase the number of apprenticeships within the City Council. To this end two additional recommendations were agreed;

- (i) encourage officers to explore how PCC can increase the current target;

- (ii) ask officers to bring back a report to the Employment Committee meeting in November that shows how other councils are delivering a higher number of apprenticeships.

3.2 At the time of this report there are currently 7 apprenticeship opportunities identified that are in recruitment, development or scheduled for the next financial year with 30 recruited and in post giving a total of 37 within the City Council. This is an increase of 9 opportunities from the report taken to the September Employment Committee. It should be noted that we are about to enter a period where traditionally recruitment slows and many services are waiting for the outcome of budget decisions that will be made by Full Council.

4. Research Completed and Methodology

4.1 A survey of 54 Unitary Local Authorities 32 London Boroughs and the immediate neighbouring councils (Southampton and the Isle of Wight are included in the Unitary Local Authority numbers) of Hampshire County Council, West Sussex County Council, Havant Borough Council, Fareham Borough Council and Gosport Borough Council has been completed and out of 91 Local Authorities contacted 45 responded to our questions. Please note the data collected has not been attributed to individual councils in this report.

4.2 The survey asked all the local authorities the following questions:

- Do you currently offer Apprenticeships?
- If no can you tell us why?
- If yes how long have you been providing them?
- Are the Apprenticeships you offer supernumerary?
- If yes how many do you have and how is it funded?
- If no how do you identify suitable posts e.g. vacancies at certain pay bands
- What is the current number of Apprentices you have employed (for the last 12 months) at Level 2, Level 3 and Level 4?
- Are any of your Apprentices existing staff that you have converted onto an Apprenticeships? If so how many?
- What is the annual salary for apprentices employed who are undertaking Level 2, Level 3 or Level 4 qualifications
- How many staff (excluding Schools) does your local authority employ?
- Any other comments.

5. Findings from the research

5.1 Appendix 2 shows the outcome of the 45 responses received, some of the headline information includes:

- (i) Creative use of Section 106 funds to create supernumerary posts within the local authority

- (ii) Using the National Minimum Wage (NMW) or a reduced pay rate as an apprenticeship wage
- (iii) Funding part of the apprenticeship salary costs from a central budget with the employing service picking up the remainder (50/50 split)
- (iv) Making use of external funding streams as and when they arise e.g. Skills Funding Agency and European Social Fund

6. Options for consideration

- 6.1 Many of the local authorities who responded to the survey used the NMW (which is age related) to pay their apprentices. The creation of a lower rate of pay for apprentices could increase numbers but this needs to be measured against the impact on the quality of people applying and staff relations. Members previously agreed to pay Apprentices within the City Council at the pay band for the post minus 20% to take account of training requirements. This was later changed to the current pay banding (Band 1 £12,614 per annum excluding employment on-costs) which generates additional savings for services and is more in line with councils in our local area. Reducing the pay band further, to the NMW for 18 - 20 years old (£9,870.12 per annum excluding employment on-costs), would bring the City Council more in line with the national average for apprenticeship pay without adversely affecting the number and quality of applicants which has been experienced by some councils' paying the NMW for apprenticeships. In this scenario Services would need to retain the ability to pay a higher rate where the technical needs and skills required of the post holder are more demanding.
- 6.2 Conversion of existing staff aged 23 years and under is something that has been happening as and when staff are identified as being eligible for an apprenticeship. A recent data report from the City Council's HR system identified 66 staff in this age range but closer inspection of the data identified that 18 were already in an apprentice post and 3 were qualified Social Workers. HR staff will take an action to investigate further to ascertain the eligibility for apprenticeship within this staff group and work with their service to convert the post; this will include looking for opportunities for Level 4 qualifications.
- 6.3 Work with services that currently have high agency costs as this was identified by a number of local authorities that were surveyed, as an area where the number of apprentices can grow whilst making savings for the service and reducing reliance on agency staff. However this may not be possible in some areas where Agency staff are required to be fully qualified and able to operate with minimal support.
- 6.4 Work with services to include a supernumerary apprenticeship post(s), which would sit within the City Council, in any funding bids and major projects especially in the STEM areas.
- 6.5 Develop internal marketing to promote apprenticeships wider within the City Council and make best use of the success stories and managers who have positively engaged with apprenticeships.

7. Legal implications

- 7.1 If a decision is made to reduce the Apprenticeship rate of pay from Band 1 it would require existing apprentices to have their pay rate reduced and protected for the remainder of their apprenticeship in order to avoid the possibility of equal pay claims.

8. Finance comments

- 8.1 There are no additional costs arising directly from the recommendations in this report. The proposed revised pay rate for apprentices represents a reduction in the cost to services of taking on an apprentice in future

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Signed by:

Appendices:

Appendix 1 - Tables showing the Apprenticeships in recruitment and recruited by Service, Qualification and Number.

Appendix 2 - Research findings.

Appendix 3 - External Apprenticeships Development Activity

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Shaping the Future of Portsmouth	Strategy Unit
Business Growth & Skills Plan	Strategy Unit
Apprenticeship Strategy	Strategy Unit
Apprenticeship Employment Committee Report 16 th September 2014	Employment Committee

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

.....Signed by:

Apprenticeships in recruitment / discussion or in development			
Service	Team	Qualification	Number of Apprentices
Adult Social Care	Recovery Hub	Business Administration on-hold awaiting funding	1
Children's Social Care & Safeguarding	Children Looked After Team	Business Administration	1
City Development & Cultural Services	Museums	Currently on hold for 2015/16	1
Health, Safety & Licensing	Public Health	To be confirmed planned for Jan 2015	1
HR, Legal & Performance	Internal Audit	Business Administration Planned for 2015/16	1
Transport & Environment	Civil Enforcement	Customer Service (in recruitment)	1
Transport & Environment	Parking Team	Business Administration - currently in discussion	1

Apprenticeships Recruited			
Service	Team	Qualification	Number of Apprentices
Adult Social Care	Transformation & Business Development	Business Administration	2
Adult Social Care	Portsmouth Day Service (working across all units)	Health & Social Care	3
City Development & Cultural Services	Museums	Customer Service	2 (including 1 Care Leaver)
Children's Social Care & Safeguarding	ITYSS Participation	Customer Service	1 (Care Leaver)
Corporate Assets, Business and Standards	PCMI	Business Administration	2
Customer, Community & Democratic Services	City Help Desk	Customer Service	4

Apprenticeships Recruited			
Service	Team	Qualification	Number of Apprentices
Education & Strategic Commissioning	Education Information Services / Admissions	Business Administration	1
Finance	Corporate Finance & Housing Finance	Business Administration	2
Finance	EBS, ASC Payments team, Income & Payments	Business Administration	2
Housing & Property Services	Communities and Play	Personal Training & Instruction	1
Housing & Property Services	Green & Clean	Gardening	2
Housing & Property Services	Housing Area Offices	Housing	6
HR, Legal & Performance	HR Admin	Business Administration	1
HR, Legal and Performance	Learning & Development	Customer service	1 (Care Leaver)
Total			37

Data Findings from Research

A survey of 54 Unitary Local Authorities 32 London Boroughs and the immediate neighbouring councils (Southampton and the Isle of Wight are included in the Unitary Local Authority numbers) of Hampshire County Council, West Sussex County Council, Havant Borough Council, Fareham Borough Council and Gosport Borough Council has been completed and out of 91 Local Authorities contacted 45 responded to our questions. Portsmouth City Council information has been added to the data to give a response rate of 46. Please note the data collected has not been attributed to individual councils in this report

How long have you provided apprenticeships?

0-4 years	18
5-9 years	13
10+ years	11
Not answered	4
Total responses	46

Do you provide supernumerary posts?

Yes	4
No	20
Mix of both	16
Not answered	6
Total responses	46

How many staff does your local authority employ (excluding Schools)?

1 to 2,000	8
2,001 to 4,999	22
5,000+	10
Not answered	6
Total responses	46

Are any of your Apprentices existing staff that you have converted onto an Apprenticeships?

Yes	13
No	30
Not answered	3
Total responses	46

If yes, how many? (Converted staff)

1-10 staff	9
11-20 staff	0
20 + staff	3
Not answered	1
Total responses	13

Pay breakdown

Using Apprentices studying for a Level 2 qualification as a baseline the responses received were grouped as follows:

- 10 Councils pay the National Minimum Wage (NMW) for Apprentices which is currently set at £2.73 per hour (£5,252.52 per annum excluding employment on-costs).
- 7 Councils pay a rate set by the Council which is very close to the NMW Apprenticeship wage.
- 5 Councils pay a similar amount to the NMW for under 18's which is currently £3.79 per hour (£7,291.96 per annum excluding employment on-costs).
- 8 pay the NMW for the age of the Apprentice and 3 pay a set NMW rate regardless of age (18-20 years £5.13 per hour, £9,870.12 per annum, 21 & over £6.50 per hour, £12,506.00 per annum excluding employment on-costs).
- 10 Councils have a set 'apprentice wage', 6 of these are over £10,000 per annum with one being as high as £16,000 per annum
- The size or locality of the Local Authority doesn't seem to affect the amount they pay their apprentices with some councils in London, the South and North all paying the NMW for apprentices. Within the same demographic some Councils' are paying way above the NMW.
- The National Apprenticeship Service quotes £4.59 per hour (£8,840 per annum excluding employment on-costs) as a national average.

Other information gathered

- All 14 councils that answered the "how do you identify apprenticeship posts" answered that they use service budgets or vacant posts. 2 of these councils transfer all vacant full time posts in low bands into apprenticeships
- 20 of the councils surveyed who identified supernumerary posts identified the following funding streams that support them:
 - Funded by the Arts Council
 - Funded through the Crime Commissioner
 - Funded from the Corporate L&D budget
 - Funded through Economic grants
 - Funded through Corporate reserves
 - Funded through European Social Fund
 - Funded through pilots for Early Years Foundation Stage (EYFS)
 - Funded through S106

- Funded through unspecified grants
- The Councils surveyed were asked for any 'Other Comments' which are detailed below:
 - *'A Work Placement or Traineeship is undertaken prior to starting an apprenticeship to enable candidates to gain an understanding of the work environment within the local authority and an opportunity for the council to assess the candidate's suitability for progression to an apprenticeship.'*
 - *'The council has appointed Apprenticeship Ambassadors as part of its commitment to apprenticeships in the city. The ambassadors are apprentices were brought together by the Education and Inclusion Department within Children's Services in partnership with Human Resources. The ambassadors work in a variety of departments including Schools, Human Resources, Procurement, Culture, Media Relations and Adult Social Care. The aim is to help raise awareness and value of apprenticeships in the world of work to young people and parents/carers across the city. From September 2014, the new formed ambassadors will be targeting schools and colleges, holding workshops, open discussions, setting up video links and talking about their own experiences to encourage the idea of applying for an apprenticeship.'*
 - *'As part of our OD strategy, we are looking to have a much more coordinated approach to Apprenticeships as part of our recruitment and retention strategy and to promote apprenticeships in the local economy.'*
 - *'Every 3-4 years we undertake a mapping exercise to ascertain skills shortage areas which might arise in the future. From this information we try to grow talent into the roles to avoid a skills gap in the future. Any bids the Council work on we encourage apprentices to be part of the workforce. The Council are finding our apprenticeship scheme a great way to grow their future workforce and unlock local talent. We prioritise on local residents. We have a 'B' (LA identity removed) Skills and Education Partnership 5 year strategy where apprenticeships heavily feature. From this there is an apprenticeship sub group.'*
 - *'We pay the NMW for apprentices and have little or no interest in the posts we have on offer either having no applicants or around 2 or 3 per post.'*

External Apprenticeships Development Activity

The internal activity to support Apprenticeships is further supported through work being carried out by officers in City Development and Cultural Services the highlights of which are detailed below.

City Development and Cultural Services (CDCS) in partnership with other PCC services have worked with organisations such as the National Apprenticeship Service, Jobcentre Plus, Chamber of Commerce, Express FM and the Alpha Network to inform businesses on the benefits of employing apprentices. Events have been run to bring together businesses with apprenticeship vacancies and young people who are NEET and other young people who would not consider an apprenticeship as their next step for education or employment. The next "Future Portsmouth" breakfast briefing for businesses is taking place at the Marriot Hotel on 6 March 2015 with keynote speaker, Kathy Wadsworth - Director of Regeneration at Portsmouth City Council.

CDCS bid for forty-eight Internships for the Portsmouth area for the Creative and Cultural Industries. The aim is that many will become apprenticeships in the medium term. This project is due to commence early in 2015 and will be managed by PCC.

A bid for Youth Engagement Funding has reached the second stage and two South East Hants bids have been brought together. PCMI works with Barnardos, Department for Work and Pensions and other funders to work with young people aged 16 plus who are NEET or who have other barriers to work. The funding will be provided through social impact bonds (SIBs) with investors funding innovative initiatives to prevent young people from becoming NEET (not in education, employment or training). Government will only pay if the initiatives are successful and lead to positive outcomes. The Youth Engagement Fund is jointly funded by the Cabinet Office, Department of Work and Pensions and the Ministry of Justice.

In September 2014 the Journey Back to Work jobs-fair was run in partnership with PCC, JCP, Learning Links and Cascades Shopping Centre that included 10 stands that had apprenticeship vacancies and provided Information, Advice and Guidance.

PCC has a license from the National Skills Academy for Construction to run the Client Based Approach for major development sites (over 30 dwellings, 1000 sq. metres or costing over £3.5M). An Employment and Skills Plan is created for each of these sites that require contractors and sub-contractors to recruit apprentices, promote NVQs and working with local organisations to recruit from the local labour force. Three Employment and Skills Plans (E&S Plans) have been agreed - First Wessex development at Hilsea (Old Hilsea Bus Depot), Churchill Retirement Apartments, Havant Road Drayton and Premier Inn in Isambard Brunel Road. An additional seven E&S Plans are programmed in during the early part of 2015

Officers in the Housing and Property service are also engaging their contractors in providing Apprenticeship Opportunities and have evidence that demonstrates the effectiveness of this approach.