

REPORT TO:	CABINET 10 June 2019
SUBJECT:	Croydon's Approach to Apprenticeships
LEAD OFFICER:	Shifa Mustafa – Executive Director Place
CABINET MEMBER:	Cllr. Manju Shahul-Hameed – Cabinet Member for Economy & Jobs
WARDS:	All

CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON

[Corporate Plan for Croydon 2018-2022](#)

- Our children and young people thrive and reach their full potential: The corporate plan outlines the Council's ambition to deliver 'Chose Your Future' a campaign to raise young people's aspirations. Access to good quality and varied apprenticeship opportunities will be an important part of this activity.
- Everybody has the opportunity to work and build their career: The Council's apprenticeship work supports residents to prepare for, find and keep good jobs.
- Business moves here and invests, our existing businesses grow: Ensuring businesses have access to the right talent will lead to sustainable economic growth and increase economic prosperity across Croydon. This will increase the number of successful businesses and "good" jobs in the borough.

FINANCIAL IMPACT

Paying all apprentices working at Croydon Council the London Living Wage is anticipated to cost an additional £80k in 2019/20 and £115k in 2020/21 based on the current London Living wage rate of £10.55 per hour.

FORWARD PLAN KEY DECISION REFERENCE NO.

Not a key decision

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

The Cabinet is recommended to

- 1.1 Endorse the activity being undertaken to promote and increase the number of apprentices in Croydon; in particular the 2019 100 Apprentices in 100 Days campaign.
- 1.2 Note changes to apprenticeship rates of pay to bring it into line with London Living Wage.

2. EXECUTIVE SUMMARY

2.1 The purpose of this report is to provide an update to Cabinet on the Council's approach to apprenticeships. It will cover the following areas:

- The internal Council apprenticeship scheme including pay rates;
- Work to increase apprentice take-up with Croydon employers.

3. PROGRESS AND FUTURE PLANS

Reasoning Behind Increased Apprenticeship Activity

3.1 In 2016 the government introduced the Apprenticeship Levy as a means to create more apprenticeship placements in businesses across the UK. All employers, including the Council, with a wage bill of over £3 million are required to pay 0.5% of their wage bill to a levy account which can then only be used to meet apprenticeship training costs. The levy has resulted in renewed interest in apprenticeships as a pathway to work and as a method of up-skilling existing staff.

3.2 In the corporate plan 2018-22 increasing the number of apprenticeships is a key target. Apprenticeships are also a key focus for the Future Place Board, which is a sub group of the Local Strategic Partnership (LSP).

3.3 A wide-ranging pathway to work apprenticeship programme can offer clear, supportive routes for Croydon residents who do not have adequate experience of work; are lacking in the qualifications required for their preferred job role or want a supportive role to re-enter the work place after a break from employment. These programmes therefore increase the number of residents who can live independently and contribute to the borough's overall prosperity.

3.4 In addition they are financially beneficial in the long term for participants and their families. Government research has found that:

- 92% of apprentices said their career prospects had improved.
- Over 90% of apprentices currently go into work or further training.
- Higher apprentices (level 4) could earn £150,000 more on average over their lifetime compared to those with level 3 vocational qualifications.

3.5 Crucially, apprentices fill skills gaps and provide new skills, knowledge and vitality to the Council work force. Apprentices are trained in the most up to date skills needed to do the job and bring this learning to their role. They also bring a new, often local perspective to the Council's work.

3.6 Another reason for developing and promoting our apprenticeship offer is to provide a good example and support to our business community. If our residents are to truly benefit from a broad range of apprenticeship opportunities then we need the business community to increase the range and quality of opportunities that they offer. In addition there are clear benefits to employing apprentices, again government research found that:

- 86% of employers said apprenticeships developed skills relevant to their organisation and 78% reported improved productivity.
- 90% of apprentices stay on in their place of work after completing an apprenticeship

The Council's Apprenticeship Scheme

- 3.7 Apprenticeship opportunities allow apprentices to earn while they learn by doing a job and learning at training provider/college or online and improving their maths and/or English if needed. These opportunities are offered in a number of areas of work in the Council including project management, business administration, customer service, cultural heritage, project management and finance. Apprentice salaries are determined by the employer, with a minimum wage of £3.90 per hour. Council apprentice pay has been reviewed and all apprentices will be paid the London Living Wage (£19,797) with this pay increase to be backdated to 1st April 2019.
- 3.8 Employment Pathways Apprenticeships in the Council have been developed in a way which aims to provide entry jobs for our priority groups, including care leavers; long term unemployed residents; lone parents; disabled people; young people; people on a low income in working poverty; young people at risk of offending or entering the criminal justice system, and ex-offenders.
- 3.9 The Council's apprenticeship scheme is particularly successful in terms of recruitment and retention because the apprentices are provided with well-designed jobs; supportive line-managers; an induction programme; mentors; additional projects; team building activities and additional development opportunities including job-swaps with other apprentices and job-shadowing managers. The Council's apprentices also speak at schools and business events in order to promote apprenticeships.
- 3.10 The apprentices are largely recruited in groups called cohorts which provide strong peer-to-peer support. The cohorts are inducted and work on projects together. They also provide advice to the Council about how to improve the scheme.
- 3.11 The apprentices receive increased pastoral support from the Employment Pathways Officer, who works with them as a group and individually when needed.
- 3.12 The Council's programme has already won a number of awards with praise being given to the efforts to support diversity and equality in our recruitment practices.
- 3.13 At the moment Croydon Council has 44 apprentices. 25 of them are on employment pathways (i.e. new apprenticeship roles as opposed to the Professional Development programme which is for existing staff). Of that group 60% are BAME (15% did not declare); nationally 10% of apprentices are BAME. A further 20-30 apprentices are likely to be recruited in 2019.
- 3.14 15% of the current cohort have a declared disability or learning difficulty; this compares favourably with a national statistic of 8.8% of apprentices. These

apprentices are not recruited to particular apprenticeships; they have a full choice of all of the relevant opportunities. When they have been recruited they are fully supported with the adaptations that they require, in line with the Council's standard procedures.

- 3.15 Further work will take place with the SEND Post-16 and Education teams to enhance the guidance given to SEND learners, so that this group of young people and their parent/carers understand that this is an option for them.
- 3.16 In addition the Council has set up and recruited to a Supported Internship programme. Two of the young people from the scheme have been recruited as Council apprentices. This was an example of best practice in operation, as they were prepared for the work place in their internship and then their opportunities were sourced based on their interests, knowledge and skills. Extra funding is available to meet the needs of employees with special educational needs and disabilities; however the apprenticeship course and expectations are broadly the same other than the level of maths and English required, which can be lower.
- 3.17 The Council has supported several Care Leavers into apprenticeships. Care leavers are offered enhanced support to prepare an application, and might be provided with suitable clothing and for interview; they are also guaranteed an interview. Further options are being considered by Children's Services to develop a package of support linked to the Care Leaver to make this pathway more attractive.
- 3.18 Further work is currently taking place to reach a broader range of candidates. For example a partnership with the Single Homelessness Team and Crisis to enable people who have been homeless to become more aware of apprenticeships as a way of retraining and/or re-entering the work place when appropriate.
- 3.19 To inform our plans to attract young residents to apprenticeship opportunities, in the spring on 2019 Council officers organised a number of focus groups to find out what information young people needed the know about apprenticeships and where they would like to find it. Four fact finding sessions took place at John Ruskin College, Croydon College, Oasis Shirley Park School and a Youth Cabinet meeting from March to April 2019. The participants in these focus groups ranged from 14 to 18 years old with approximately 60 young people taking part. These young people identified that they needed:
 - To know more about the range of apprenticeships available;
 - More easily accessible information and opportunities, perhaps on Instagram;
 - A myth busting session as they did not have consistent information on apprenticeships;
 - Information on apprenticeship pay and future pay opportunities;
 - Information on which high profile businesses were offering apprenticeships.

These findings will inform our candidate roadshow and future engagement with young people on careers and apprenticeships.

3.20 In 2018 apprenticeship activity expanded to offer a staff apprenticeship programme as Professional Development Scheme (PDS) to existing members of the workforce. The PDS programme is currently offering:

- Customer Service Level 2
- Business Administration Level 3
- Leadership and Management Level 3
- Leadership and Management Level 5
- Business and Professional Administration Level 4
- Facilities Management Level 2
- Assistant Accountant Level 3
- Project Management Level 4

Level 4 and 5 learners are achieving degree level qualifications.

Future Activity

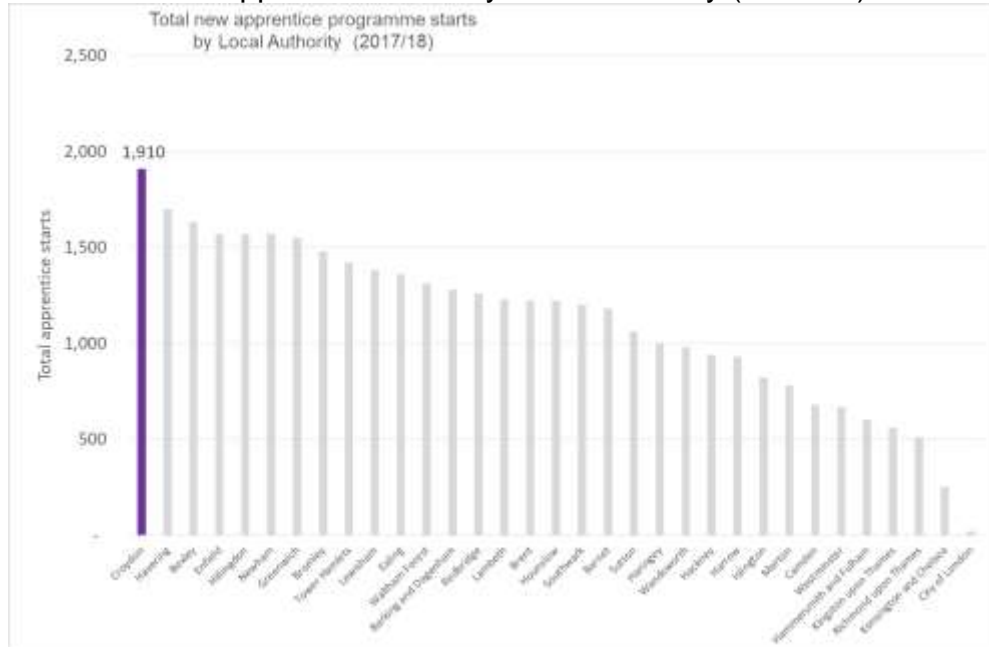
3.21 The Council continuously seeks to improve the internal apprenticeship scheme. For example in 2019/20 the main aims will be to:

- Increase the range of apprenticeship on offer within the Council. An increased diversity of apprenticeship opportunities will open up new pathways for people seeking jobs. Attracting a wider range of residents and filling more skills gaps.
- Improve the broader experience of the Council's apprentices using currently available resources by:
 - Working with managers to co-create apprentice development programme which includes ongoing support to managers throughout the apprenticeship period.
 - Identifying opportunities to allow them to improve their presenting skills and promote the apprenticeship scheme, e.g. speaking and presenting opportunities, ambassadorial opportunities in schools and businesses.
 - Improving the package of support for the apprentices finishing their apprenticeships and seeking further employment opportunities.
- Develop a stronger package of support for care leavers interested in apprenticeships. This would include financial support attached to the care leaver to enable as wider access to opportunities as possible.
- Improve the Council's pre-apprenticeship pathway by developing a traineeship programme and increasing the work experience offer to include longer placements.
- Ensure our recruitment processes are inclusive to all Croydon residents.
- Promote Council apprenticeship opportunities with schools/colleges and residents more widely.

Work with Businesses and Employers

3.22 Figure 1 shows that Croydon has the highest number of apprentice starts in London in 2017/18 (latest available figures).

Figure 1: Total new apprentice starts by Local Authority (2017/18)



3.23 In order to increase the number of apprentices who are employed in Croydon the Council has been supporting our business community to understand the system and access any funding available. In addition Croydon Works is offering a free, high quality recruitment service, and CALAT our Adult and Community Learning service is offering a range of high-quality Apprenticeship training options.

3.24 In March 2019 the Council and partners launched Croydon's Apprenticeship Academy – a one-stop-shop for apprenticeships aimed at supporting residents and businesses. The Academy will involve training providers, colleges, the Council and employers in the borough and will work collaboratively to promote apprenticeships. The Academy will:

- Make employing an apprentice easy for our businesses;
- Provide a trusted and recognised brand which is mobile and therefore can be used in venues around the borough to provide quality information, advice and guidance to people interested in becoming an apprentice or businesses interested in recruiting apprentices
- Design and run promotional campaigns such as 100 Apprentices in 100 Days (see 3.25). It will form task and finish groups will be set up as needed to respond to campaigns or new project development.
- Provide up to 100% of apprentice training costs to eligible small and medium sized enterprises (SMEs) via the transfer of up to 25% of the Council's Apprenticeship Levy. Information about this will be disseminated to relevant businesses using the Council's Business Rates database.

- 3.25 In addition the Council has launched a campaign to kick-start a rise in numbers called 100 Apprentices in 100 Days. The campaign is positioned as a part of the 'Choose Your Future' campaign, and aims to deliver 100 apprenticeship job outcomes in 100 working days, from August to December 2019. The 100 Apprentices in 100 Days campaign will be led by Croydon Council and delivered in collaboration with key borough partners and employers. The campaign will include the following key components:
- The promotion of participating businesses - social and traditional media platforms will be used to promote the apprenticeship opportunities created and the businesses that create them.
 - Advice and guidance about apprenticeships will be offered to local businesses.
 - There will be an end-to-end free and professional recruitment offer through Croydon Works.
 - Candidate roadshows will raise awareness amongst people interested in apprenticeship opportunities.
- 3.26 To create the conditions for increasing the number of apprenticeships in Croydon the Council has updated its Section 106 Guidance to ensure developers commit to providing 1 apprenticeship for every 10 jobs on site. This is monitored through a Local Employment Training Strategy which sets out how developers intend to recruit local people into job opportunities. A similar approach has been taken to the Council's own spend through and contracting powers where opportunities to generate apprenticeships are sought.

Future activity around work with Croydon's employers

- 3.27 **Equality and Fairness:**
- Work with businesses to improve access to apprenticeship opportunities for Croydon's target groups.
 - Use existing meeting groups to understand what the Council can do to help schools promote apprenticeship opportunities in local businesses as widely as possible.
- 3.28 **Information and guidance:**
- Design a package of support and promotion for school/college students in collaboration with employers using social media, the internet and the borough's Post-16 Prospectus. This will be informed by the findings of our focus group activity.
 - Provide further guidance to local businesses about employing apprentices.
 - Work with businesses to understand gaps in apprenticeship provision and support them in accessing quality providers for the frameworks they need.

4. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 4.1 Apprentices working at Croydon Council are currently paid varying rates depending on their level. These pay rates are detailed in the table below :-

Current	Per Hour	Per Year
level 2	£ 8.21	£ 15,406.02
level 3	£ 9.38	£ 17,601.52
level 4	£ 10.55	£ 19,797.02

- 4.2 All apprentices will now be paid the London Living wage from the 01.04.19, this is £10.55 per hour, £19,797.02 per annum. Based on the current number of apprentices in post and the expected recruitment during the remainder of this financial year the additional cost of this proposal in 2019/20 are estimated to be £80k and will be funded by the departments where the apprentices are employed.
- 4.3 The full year impact of paying all our apprentices the London Living Wage is £115k.
- 4.4 Apprentice salaries will be reviewed annually.

Approved by: Lisa Taylor, Director of Finance, Investment and Risk and S151 Officer

5. LEGAL CONSIDERATIONS

- 5.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that levy payers such as the Council can support apprenticeships in other organisations by transferring a percentage of their apprenticeship funds to other employers. From April 2019 the rate available to transfer increases to 25% of the annual value of funds entering the apprenticeship service account for the levy payer. These funds can be transferred to any employer, including smaller employers in their supply chain, and Apprenticeship Training Agencies (ATAs), to support new opportunities and widen participation in apprenticeships.
- 5.2 Levy-paying employers who wish to transfer funds will have to agree the individual apprenticeships that will be funded by a transfer with the employer receiving the funds. Employers receiving transferred funds will only be able to use them to pay for training and assessment for apprenticeship standards. Transferred funds cannot be used to pay for training and assessment for apprenticeship frameworks.
- 5.3 In undertaking any such transfers of funding both the Council and any employers who receive such funds from the levy need to take account of state aid rules when doing so. State aid rules apply as a matter of course to any assistance or advantage given on a selective basis by a public authority (such as a Council or body through whom government funding is channelled) to any organisations that could potentially distort competition and trade in the EU. The definition of state aid is deliberately very broad because 'an advantage' can take many forms. It is anything which an undertaking (an organisation engaged in economic activity) could not get on the open market. "Undertaking" in this context can include voluntary and non-profit-making public or private bodies such as charities or voluntary sector bodies when they engage in activities

which have commercial competitors but would also include small businesses and self-employed/sole traders.

- 5.4 State aid specifically includes such things as grants, loans, tax breaks, rate relief. Not all State Aid is unlawful as there are certain defined exemptions, including the De Minimis Regulation which allows small amounts of aid – less than €200,000 over 3 rolling years – to be given to an undertaking for a wide range of purposes. In calculating whether any assistance or advantage falls within the exemption, it is worth bearing in mind that the €200,000 sum encompasses any assistance or advantage from any public body during the 3 rolling years, not just monies that the undertaking may have received solely from the body providing the current advantage.
- 5.5 For the purposes of transfer from the levy, government guidance makes clear that for all starts funded through a transfer before 1 April 2019, 10% of all the funds received by an undertaking may be considered as state aid. For starts funded through a transfer on or after 1 April 2019, only 5% may count. This is because the co-investment rate ('co-investment' being when employers and government share the cost of training and assessing apprentices) is reducing from 10% to 5% for all new starts from 1 April 2019. The assessment of whether or not accepting the transfer from the levy will take an individual employer beyond the de minimus limit should be undertaken before any transfer is accepted.
- 5.6 Finally, as part of the work undertaken for development of Croydon Apprenticeship Academy and delivery of the proposals within this report, the Council will need to continue to ensure compliance with the Data Protection Act 2018 and the General Data Protection Regulation including in relation to any proposed sharing of information across agencies and partners. This will include ensuring that any necessary information sharing agreements are put in place, relevant Privacy Notices are updated and Privacy Impact Assessments undertaken.

Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Director of Law and Governance and Deputy Monitoring Officer.

6. HUMAN RESOURCES IMPACT

- 6.1 Croydon Council positively supports apprenticeships as a career pathway into public service and complies with employment legislation frameworks for apprentices.

Approved by: Sue Moorman, Director of Human Resources

7. EQUALITIES IMPACT

- 7.1 We will ensure our employment pathways are open and accessible to all communities with processes and policies which do not disadvantage any of our residents.

- 7.2 The Council will work in partnership with businesses to support access to apprenticeship opportunities for Croydon target groups. We will also broaden how we market apprenticeships to target groups and provide a more bespoke package of support.
- 7.3 Specific projects, programmes and work streams will be subject to equality analysis to assess the possible impact of proposed changes on customer/community groups who share a “protected characteristic” and mitigate adverse risk to customer/community groups who share a “protected characteristic”.
- 7.4 The programme will help the Council to achieve its equality objectives namely; to increase the rate of employment for disabled people, young people, over 50s and lone parents who are furthest away from the labour market. Also to reduce the rate of child poverty especially in the six most deprived wards through paying the living wage. It will also support Council priorities such as modern slavery.

Approved by: Yvonne Okiyo, Equalities Manager

8. ENVIRONMENTAL IMPACT

- 8.1 There are no specific environmental impacts arising from the contents of this report

9. CRIME AND DISORDER REDUCTION IMPACT

- 9.1 There are no specific crime and disorder issues arising from the contents of this report, however there is a positive correlation between increased or improved economic activity and a reduction in crime and disorder.

10. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 10.1 Cabinet is asked to endorse the activity being undertaken to promote and increase the number of apprentices in Croydon, in particular the 2019 100 Apprentices in 100 Days campaign. Cabinet is also asked to note the increase to apprentice pay to bring it into line with the London Living Wage.
- 10.2 Increasing the number of apprenticeships available and encouraging residents into them, particularly those from disadvantaged groups, is a key outcome in the Corporate Plan and the activities described in this report will support achievement of this outcome. The Apprenticeship Academy and 100 Apprentices in 100 Days campaign will increase the number of apprentice vacancies in Croydon and the number of Croydon residents securing these roles.
- 10.3 Paying apprentices the London Living Wage, while not a requirement set out by the Living Wage Foundation, will mean that more of our residents will be able to live financially independent lives as an apprentice.

11. OPTIONS CONSIDERED AND REJECTED

11.1 Many options have been considered to support our residents access apprenticeships these include:

- Online Apprenticeship Hub – using a single online portal for employers and residents to use. This was discounted following engagement and review with employers and residents both indicated they would prefer hands on support
- New apprenticeship academy in a single physical location. This was discounted due to cost constraints and as stakeholders preferred the virtual model.
- Allowing national campaigns to drive apprenticeship take-up. This was discounted as stakeholders and members wanted to pursue a specific Croydon model meeting the needs of our residents and businesses.

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BACKGROUND PAPERS: None