

To: Scrutiny Committee

Date: 7 June 2016

Report of: Corporate Lead - Organisational Development

Title of Report: Apprenticeships

Summary

Purpose of report: To set out the Council's current position regarding the employment of apprentices, local labour market conditions and the potential impacts on the Council of emerging legislation

Executive lead member: Cllr. Pat Kennedy, Young People, Schools and Skills

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Policy framework: Young People, Schools and Skills

Background

The Scrutiny Committee requested a report to update them on the Council's current position regarding the employment of apprentices, local labour market conditions and pressures, the potential impacts on the Council of emerging legislation changing the way apprenticeships are funded and new government apprenticeship targets. This report will cover the way the Council currently recruits and develops its apprentices, how these opportunities fit with the core skills in demand for the wider local labour market, what the likely challenges and implications of recent legislative changes are and what else can the Council do to lead and influence the apprenticeship agenda across the City.

Appendices

Appendix 1 - Centre for Cities briefing: apprenticeships in cities (January 2016)

Appendix 2 - Oxfordshire LMI, Spring 2016

Appendix 3 - OCC Work Experience guidance master

Appendix 4 - Apprenticeship Levy briefing note

1. The Council has an active apprenticeship programme and has a current target of employing 26 apprentices. Performance against the target is generally good although due to the apprenticeship lifecycle the number in post at any one time can fluctuate (i.e. some have completed their apprenticeship with just short of 70% moving into full time careers with the Council). Nationally 3 in 10 fail to complete their apprenticeships. In order to ensure the fullest support for each Council apprentice there are stringent learning plans in place (with regular reviews) and additional workplace buddies and mentors to assist with their transition/ all managers and mentors receive bespoke training. The headline figures for our apprentices are:
 - 88% of apprentices live in Oxford; and
 - 68% (17/ 25) were succession planned between 2013-2015, with the remainder entering full-time employment externally
2. Apprentices are typically recruited by the Council in small cohorts every two years (with some exceptions where the cycle of trades' apprenticeships falls differently). Contracts range from two year fixed term (mostly for Business Administration focused roles) up to four years for skilled trades.
3. Currently there is an active recruitment campaign for 21 apprenticeships, with the majority due to start in September 2016, which represents the largest single recruitment campaign undertaken by the Council for apprentices and reflects the appetite across services to grow our own talent.
4. As in previous years, we are focussing recruitment on OX1 to OX4 postcodes. However, it should be noted that in the past this has reduced the number of applicants with some living outside the area wishing to apply and unable to. Posts are co-funded: in part from a budget of £100k per annum and from service area contributions of £10k per annum per apprenticeship.

The local labour market and apprenticeship challenges

5. The local market for apprenticeships is a complex. Although there has been a 17% increase in new apprenticeships since 2013 across the County, Oxford was revealed as the city with the lowest level in the UK even though the local economy was ranked top for job density (*Centre for Cities briefing – apprenticeships in cities 2016*). For example, during the week 23-27 May 2016 there were 150 employers looking for 224 apprenticeship vacancies across the County but in Oxford there were only 34 employers offering 53 vacancies.
6. The low level of new apprenticeship starts is not just down to availability, and the report highlighted the primary factor of low take-up rates from groups who have other immediate routes into paid employment (specifically retail). We also know that over 80% will be looking to continue in further/ higher education. The report also noted regional variations and that there was generally weaker demand for apprentices in the South of England.
7. Labour market information (*Oxfordshire LMI, spring 2016*) supports evidence that Oxford has a vibrant economy, with growth sectors including advertising / market

research, building construction, warehousing/ logistics, health care and nursing (www.o2i.org/content/lmi). We also know that there are unique characteristics to our economy which mean that there are current skill shortages in “higher” skilled areas required to support buoyant areas like life sciences, space technology and advanced engineering (including cryogenics) which the Council cannot either directly influence or offer apprenticeships in.

8. However, through the provision of advice to developers and land owners about the value of Community Employment Plans (CEP’s) the Council can help to positively drive forward economic growth and encourage a better alignment between the new jobs being created from major development, the local labour market and skills providers. Local Planning Authorities can pro-actively work together with the Local Enterprise Partnership, the Skills Board and partners to ensure the maximum benefits in terms of new jobs, apprenticeships, traineeships, sector-based work academies, work experience and local supply chains are achieved and the opportunities for the local workforce in Oxfordshire are fully realised.
9. Three significant emerging concerns which have a direct impact on supporting a vibrant and sustainable economy are:
 - Key regeneration partners are reporting a lack of basic technical skills or suitably qualified candidates for their construction apprenticeship vacancies;
 - There are proportionately fewer advanced and higher apprenticeship starts which raises questions about how effective intermediate (NVQ 2/ equivalent to 5 GCSEs) apprenticeships are in preparing people for higher-skilled jobs; and
 - BME apprentices are under-represented and have also decreased year-on-year to a position where only approximately 6% come from BME communities

What have we done to increase the visibility, awareness and quality of our apprenticeships?

10. Since 2012, the Council’s apprentice recruitment drives have seen low response rates typical of that experienced by other employers. This has been frustrating and we believe in part down to schools not fully understanding apprenticeships, apprenticeships not being ‘sold’ and inconsistent careers advice. Our lead relationship with the ‘Business in the Community’ initiative has helped us develop stronger relationships with schools which have undoubtedly made a positive difference as we have been able to deliver a series of apprenticeship workshops, mentoring and other career development activities.
11. In March 2016 a Business in the Community “Earn While You Learn” apprenticeship event was a significant first-step in raising awareness, educating and motivating students across all City schools about the apprenticeship routes available locally. Over 100 students attended and 75% responded to give the following positive feedback:
 - 99% clearly understood what an apprenticeship is;
 - 85% understood where apprenticeships are being advertised and where they can look to find vacancies;

- 85% were more likely to consider an apprenticeship;
 - 85% were more motivated to find out about apprenticeships;
 - 79% felt more confident to talk to an employer about their scheme
12. Using the available labour market information to inform an internal review, the range of apprenticeships we offer has increased and includes Building Surveyor/ Estimator, Mechanical and Electrical Engineering and Planning Technician/ Planner roles. Apprenticeships now include “higher” opportunities for the first time, e.g. ONC/ HNC routes equivalent to undergraduate study that will lead to full professional qualifications. These higher routes will give our apprentices the transferable skill sets anticipated as essential in the future job market.
13. Using the feedback from the workshops run in schools we have designed a new apprenticeship web page. This includes details of all vacancies, short and catchy summaries designed to capture the imagination of applicants, myth busting information, FAQs and top tips on how to apply and what examples to include. It shows a video project managed and made by our Apprentice Ambassadors which they have screened in schools and at the recent event where they were the only apprentices who took full responsibility for leading a presentation. Members are invited to visit www.oxford.gov.uk/apprenticeships
14. We held a recruitment open evening at Cowley Marsh depot in April that enabled us to launch the apprenticeship campaign (alongside a press release in the Oxford Mail) and advertise other permanent entry level vacancies. It attracted over 200 visitors of whom at least 40% were interested in apprenticeships, many coming because of the work we had done in engaging schools. Attendees were also given the opportunity of help in making applications on the night. The evening was filmed by a local television channel and the resulting video can be seen on the apprenticeship web page. A similar event will be held at Rose Hill Community Centre on 1 June 2016 and hope that it is equally successful.
15. In anticipation of the expansion in our apprenticeship recruitment we reviewed our work experience offer for schools. We offered specific placements in food hygiene (including the chance to gain a nationally recognised Level 2 qualification), commercial property/ surveying, tenant involvement, housing and a range of trades within Direct Services. Take-up hasn't been high so we are working with schools to increase interest and participation.

The challenges posed by the Apprenticeship Levy and public sector apprenticeship targets

16. The Enterprise Bill sets out how from April 2017 funding to support apprenticeship training costs will be covered through the application of an Apprenticeship Levy (0.5% of an employer's pay bill above £3 million less a £15k allowance) collected via PAYE. For the Council this is estimated at approximately £175k per annum. The money will credit a Digital Apprenticeship Service (DAS) account which the Council can then use to pay for training for apprentices. The service will also support employers to identify a training provider, choose an apprenticeship training course and find a candidate but not to fund apprentices' wages.

17. Precise details are still emerging but it is still possible that we might be able to use the levy on other training activities (assuming that these activities are accredited). So far we understand that *‘employers can spend their levy on either existing staff or new recruits as long as the training meets an approved standard or framework and the individual meets the apprentice eligibility criteria’*. As part of our “growing our own” commitment we have previously invested in Environmental Health and Housing degree studies for staff as well as Chartered Institute of Personnel and Spatial Planning masters level qualifications. It may be that we could use the AL to cover this type of career development training in the future. The Enterprise Bill sets out apprenticeship start targets for all public sector bodies with a minimum headcount of 250 employees. Targets have been set at 2.3% of headcount which would mean approximately 28 new apprentices each year. More details are yet to emerge but whilst the legislation will be tough on ensuring that the term “apprentice” is not abused, we may include a number of other trainee posts where there is a formal qualification route e.g. Customer Service Officers who study for NVQs.

18. Meeting the target will be a challenge and we need to understand precisely what constitutes an ‘apprenticeship’ under the legislation – we may have many more in scope. Generally though recruiting to typical apprenticeships is tough as previously outlined. The consequence for the Council of not meeting targets is an unknown at the moment but we can speculate that there will be some enforcement of targets as guidance becomes clearer.

19. However there are some things we can do which become easier if the final definition of apprentice and what the levy can be spent on are favourable. Making some positive assumptions about this:

Action	Potential Outcome
Review all trainee/career graded roles (i.e. anyone receiving off the job training for a formal qualification)	Include in apprentice ‘new starts’ figure
Ensure every service area workforce plan includes apprentices / trainee / career graded roles as part of existing establishment	This will only be feasible in some areas if turnover occurs at the right level over time
More work with training providers to widen the applicant pool for relevant roles	More candidates interested in roles / to select from

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