

# Business Case for Increasing Young and Diverse Apprenticeships

# Executive Summary

Since 2017, there has been a significant decline in the number of young and diverse people under 25 undertaking apprenticeships in London local government. The number of apprentices aged 16-18 has fallen by 85% and 65% for 19-24-year-olds.

Without significant corrective action, this trend will continue, threatening the future talent pipeline of boroughs at a time when there are severe workforce shortages in critical local government services.

Hiring young and diverse apprentices will bring many benefits to boroughs, including:

- Addressing skills shortages in key areas for London local government and reducing reliance on agency staff
- Growing our own talent to address boroughs' ageing workforce and diversifying it
- Supporting our role as leaders of place by providing good work for young Londoners with opportunities for

progression and supporting our local businesses and supply chain to do the same

- Enhancing our services with fresh ideas and perspectives, while potentially increasing productivity under some circumstances
- Enabling social mobility and responding to the cost-of-living crisis by creating opportunities where young Londoners can both learn and work on the job
- Carrying out our responsibilities as corporate parents, by providing apprenticeship opportunities for care leavers and other vulnerable young people including those with special educational needs and disabilities (SEND)

This business case seeks to provide boroughs with evidence, examples, and imperative to justify the hiring of more young and diverse apprentices.



# Background



London Councils has long supported boroughs in their effort to increase the number of apprenticeships in their workforces. We worked with boroughs to set a collective target to increase the numbers of apprentices they employed between 2013 and 2016. For over a decade, we have surveyed boroughs and analysed this data to build a picture of how many apprentices are being recruiting by boroughs, their characteristics and monitored progress over time. We have lobbied successive governments on key challenges, such as making the apprenticeship levy more flexible, and we have celebrated the best of London local government's apprentices through the London Borough Apprenticeship Awards.

In 2017, apprenticeships began to be funded by the apprenticeship levy, a levy paid by employers at 0.5% of their annual pay bill if it is greater than £3m. The levy was originally introduced to encourage employers to invest in their workforce and create new apprenticeships. London local authorities are all subject to the apprenticeship levy, as is London Councils<sup>1</sup>.

However, between April 2021 and March 2022, boroughs were paid £44.7 million in apprenticeship levy, but spent only £20.9m (47%), with the remaining £23.8m of unspent levy monies returning to the Treasury<sup>2</sup>.

Given the challenging financial circumstances that local government is facing today, this is a considerable sum that boroughs could be using to recruit and train young and diverse apprentices directly or transfer to their local businesses to help them fund new apprenticeships. Organisations such as the [London Progression Collaboration](#) can assist councils in identifying suitable businesses to transfer up to 25% of their levy funds to enable them to hire apprentices. The design of the levy gives boroughs an incentive to spend more on expensive higher level apprenticeships, which are disproportionately taken up by people aged 25+ and are seen as less risky, and a disincentive to create relatively cheaper lower level apprenticeships to maximise use of their levy funds. Even those boroughs spending all their levy may therefore want to consider the balance between supporting existing staff and creating new opportunities.

Since the introduction of the apprenticeship levy five years ago, there has been a significant decline in the number of young apprentices entering local government.

Our data has shown that:

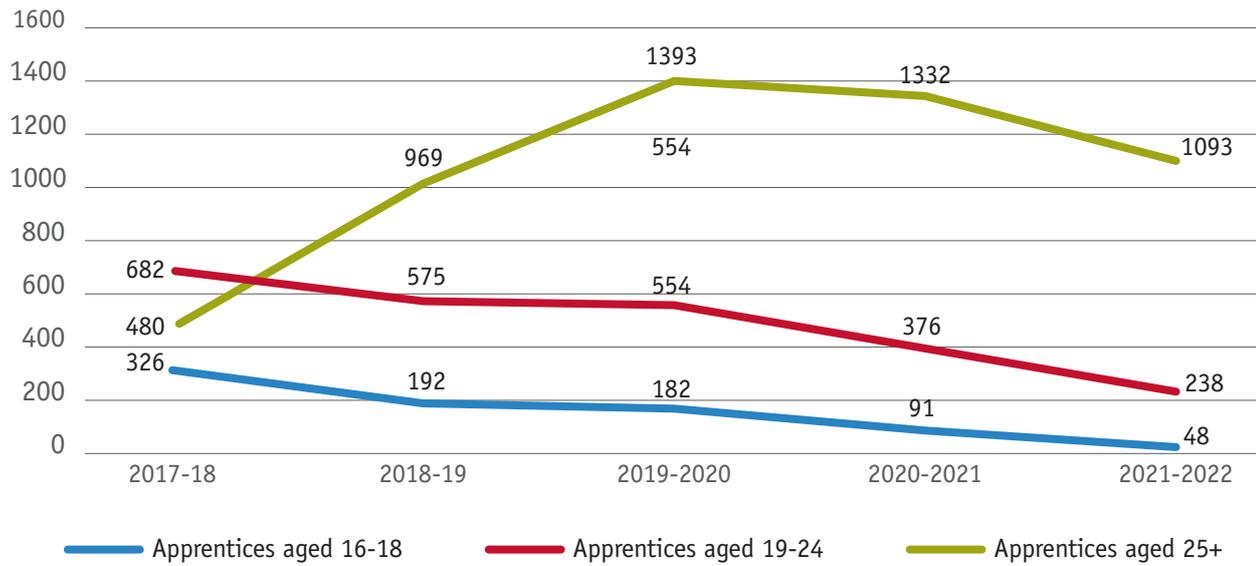
- The number of apprentices aged 16-18 has fallen by 85% since 2017/18
- Number of apprentices aged 19-24 have decreased by 65% over the same time period
- In contrast, the number of apprentices aged 25+ have increased by 227%<sup>3</sup>
- The number of Level 2 apprenticeships have decreased year-on-year by 80% since 2017/18
- The number of Level 3 apprenticeships has fallen 27% from 2019/20
- In contrast, Level 4-5 apprenticeships have more than quadrupled since 2017/18 while Level 6-7 apprenticeships have more than tripled over the same time span.

1 <https://www.londoncouncils.gov.uk/apprenticeship-levy#:~:text=The%20Apprenticeship%20Levy%20is%20a,invest%20in%20and%20create%20apprenticeships.>

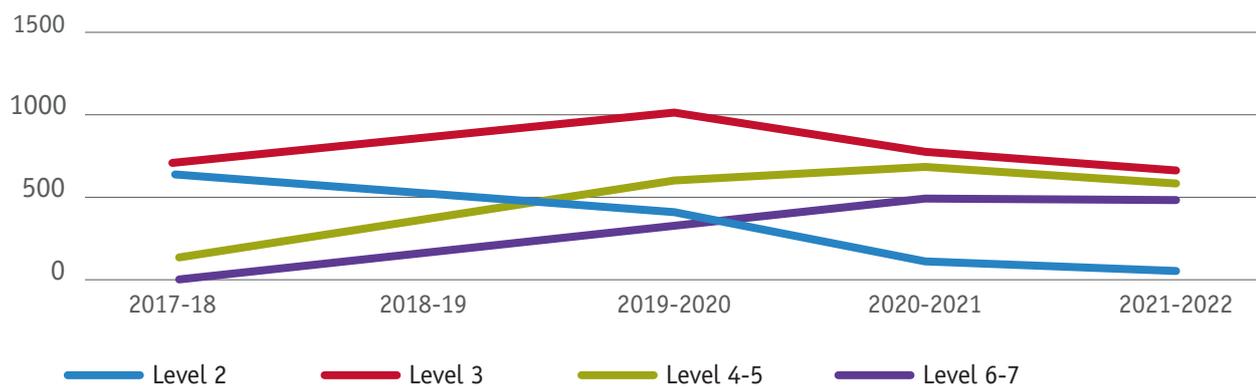
2 Source; London Councils borough apprenticeship data.

3 Source: London Councils borough apprenticeship data.

**Fig 1 Age composition of apprentices since 2017/18**



**Fig 2 Composition of apprentice starts by level of study since 2017/18**



The fall in young London local government apprentices comes as young Londoners face challenging economic conditions. London's youth unemployment is significantly high compared to other regions nationally<sup>4</sup>. The economic impact of the pandemic on the capital continues to reverberate with London's Universal Credit claimant count remaining significantly higher than pre-pandemic levels<sup>5</sup>. Accordingly, the pandemic has disproportionately impacted young people more than other groups and has exacerbated existing labour market inequalities.

Our analysis of London workforce data reveals that:

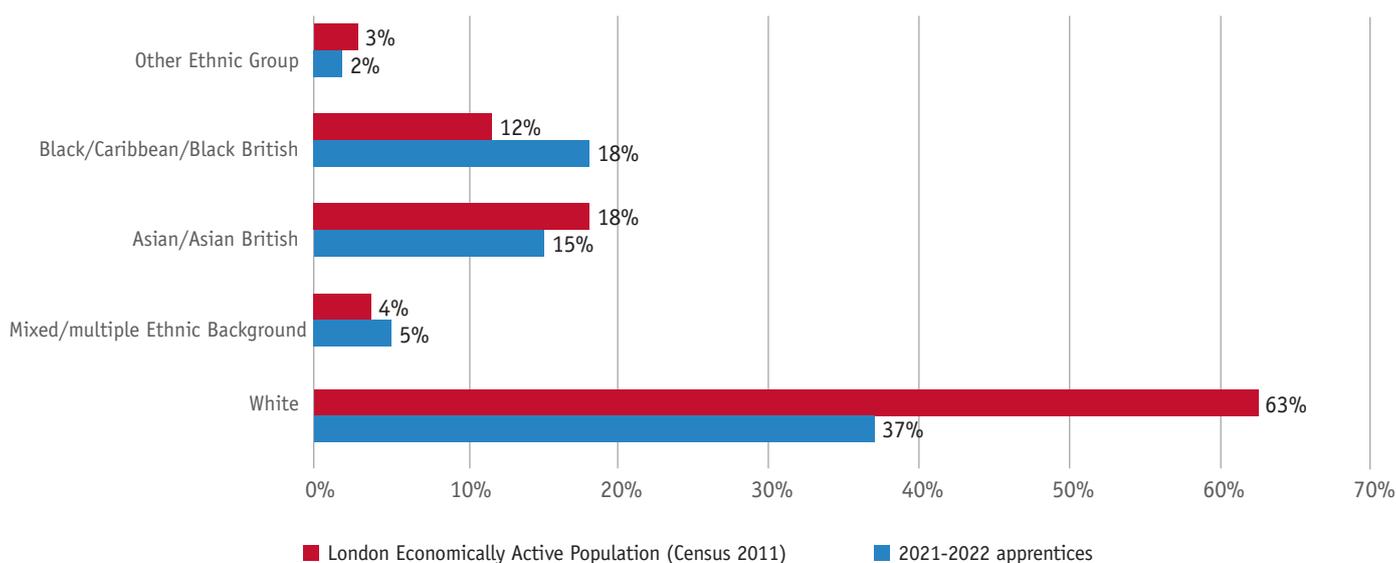
- The average age of a member of London's local government workforce is 47, with the number of 16-24-year-olds representing just 2.8% of the workforce<sup>6</sup>.
- In contrast, London's 16-24 population in 2021 is estimated at 11.1%, so this age group is significantly underrepresented in London local government<sup>7</sup>.
- The 50-64 age group is the largest within London's local government workforce at 41.1% when compared to 16.9% of London's population.
- In 2021/22, the ethnic diversity of new apprentices working in London local government was somewhat mixed, with white apprentices making up 37% of starts while 40% were from a different ethnic background<sup>8</sup>.

- The ethnicity distribution by age demonstrates some of the challenges facing boroughs. For apprentices aged 16-18, at least 45% of apprentices were white while 38% were from diverse backgrounds. However, for apprentices aged 19-24, this trend was reversed with at least 42% of apprentices representing diverse backgrounds while 33% of apprentices were white.
- Furthermore, for apprentices aged 25+, the ethnicity makeup was evenly split with at least 43% white apprentices and 42% diverse apprentices.
- Overall, 22% of starts had no known ethnicity data and 25% of boroughs responding did not provide ethnic data on their new starts, whilst some were only able to include partial data. This indicates that boroughs face challenges in collecting this information.

Additionally, the withdrawal of certain popular entry-level apprenticeship standards, such as the Level 2 Business Administration, has anecdotally affected boroughs' ability to offer apprenticeships for certain roles at an appropriate entry point for young people.

London's local government workforce is ageing. Without corrective action to address these trends, London borough young and diverse apprentice numbers will continue to decline.

**Fig 3 London economically active population vs ethnic make-up of 2021-22 apprentices**



<sup>4</sup> London's 16-24 unemployment is 14.3% compared to 9.8% nationwide as of Q3 2022.

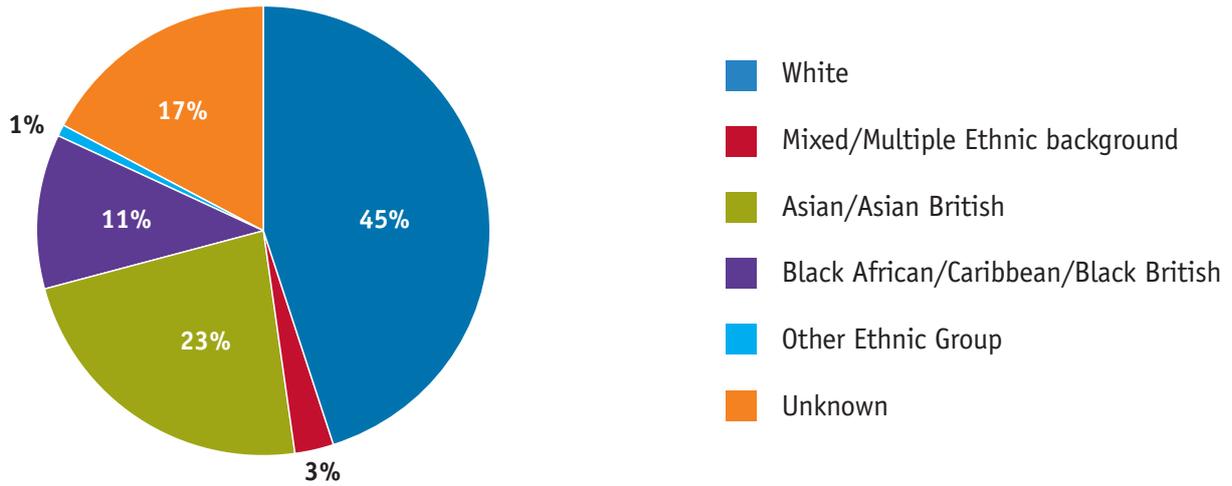
<sup>5</sup> <https://data.london.gov.uk/dataset/gla-economics-covid-19-labour-market-analysis>

<sup>6</sup> Source: London Councils borough workforce data

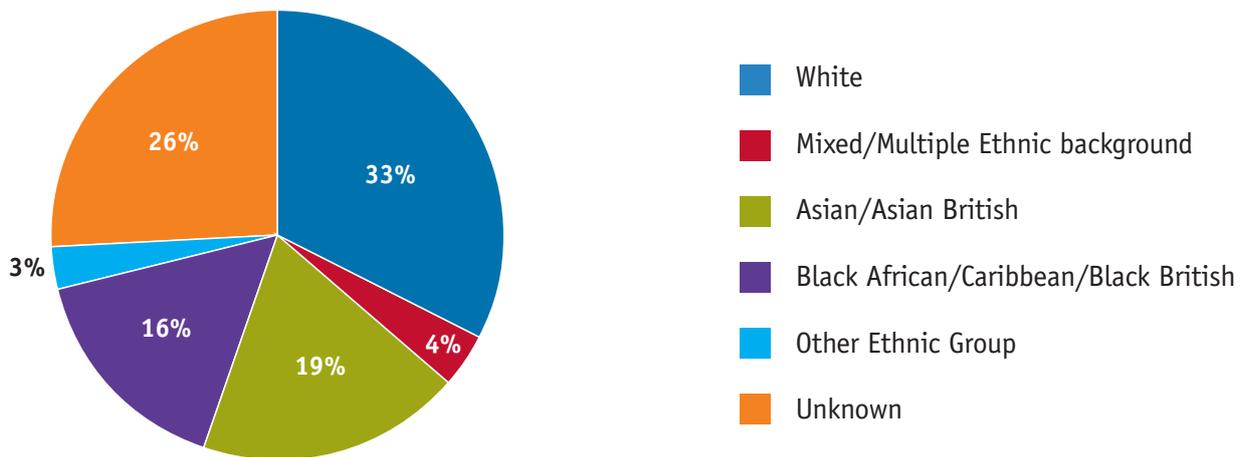
<sup>7</sup> <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/demographyandmigrationdatacontent/2022-11-02#demography-unrounded-population-estimates>

<sup>8</sup> Source: London Councils apprenticeship survey data

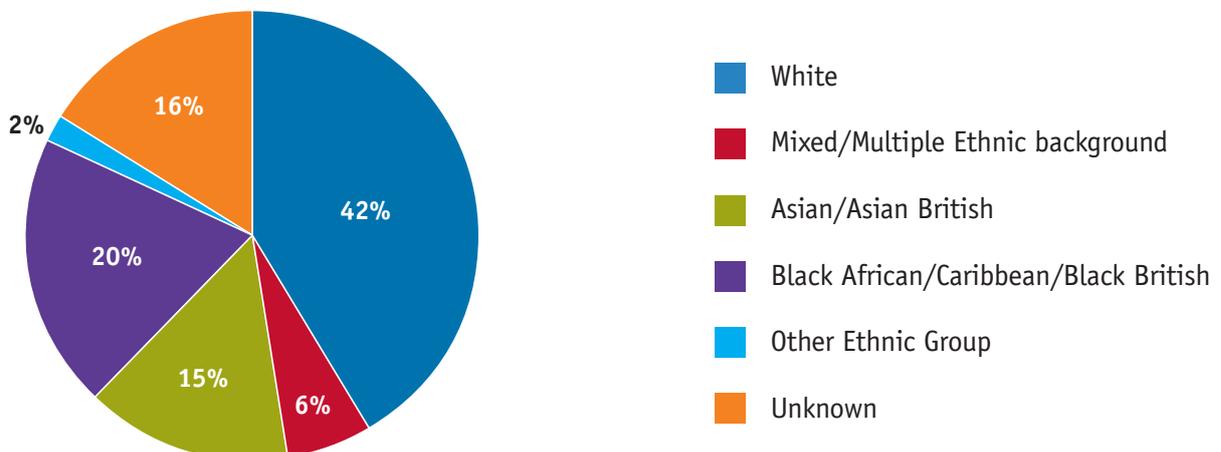
**Fig 4 2021/22 ethnicity breakdown for apprentices aged 16-18**



**Fig 5 2021/22 ethnicity breakdown for apprentices aged 19-24**



**Fig 6 2021/22 ethnicity breakdown for apprentices aged 25+**



# Benefits of hiring young and diverse apprentices



Choosing to hire an apprentice brings with it a wide variety of benefits to boroughs:

## Skills shortages:

As the capital recovered from the pandemic, London has been experiencing significant skills shortages across the economy. Job vacancies increased to record levels while unemployment fell. Over half of London businesses are struggling to attract enough candidates for their roles (51%) and almost half (47%) perceive that many applicants have insufficient skills or abilities to do the job.

This has resulted in a tight labour market and significant jobs and skills shortages across all sectors in London; with the most the most acute skills shortages in accommodation<sup>9</sup>, entertainment, hospitality and technology.

For councils, some of the most challenging skill shortage areas include: children's and adult's social workers; building surveying; educational psychology; environmental health; legal; planning and public health<sup>10</sup>.

Recruiting more young and diverse apprentices would be an important element of any borough workforce strategy because:

- Apprentices that successfully complete their apprenticeship are more likely to stay with their organisation, allowing boroughs to retain talent over the medium-term, and continue to hold institutional knowledge<sup>11</sup>.
- Apprenticeships can potentially help boroughs to reduce their need to fill hard-to-recruit posts with agency personnel, which can be expensive – for example, London boroughs spent at least £500m on agency workers in 2021/22<sup>12</sup>.
- Apprenticeships can help grow and develop talent pipelines for the future in hard-to-recruit jobs, which is particularly pertinent given London local government's ageing workforce.

Consequently, hiring young and diverse apprentices should be built into borough workforce development strategies.

## Progression, productivity, and quality:

Apprenticeships can give young people the opportunity to progress onto higher level apprenticeships or permanent roles and help boroughs retain talent. They can improve the delivery of services, while also potentially increasing productivity under certain circumstances:

- 85% of employers in a recent DfE survey stated that their apprentices developed skills beneficial to their organisation while 78% highlighted their increased productivity<sup>13</sup>.
- Additionally, 73% of organisations reported that hiring apprentices led to higher morale internally due to the different array of skills they can develop over their duration, and their commitment to their organisation's values and culture.
- 74% of employers also felt that their apprentices increased the quality of service delivery, which is highly beneficial to boroughs given the vast array of services local government operates<sup>14</sup>.

9 [https://www.londonchamber.co.uk/LCCI/media/media/London-Business-1000-2022-final-report\\_LCCI-and-LC.pdf](https://www.londonchamber.co.uk/LCCI/media/media/London-Business-1000-2022-final-report_LCCI-and-LC.pdf)

10 Source: London Councils 2021/22 survey data

11 <https://smartinsgroup.org/apprenticeship-outcomes-and-destinations/>

12 Source: London Councils data. Note that this figure excludes schools and 29/33 boroughs provided agency spend

13 <https://www.gov.uk/government/publications/apprenticeship-evaluation-2021-learner-and-employer-surveys>

14 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/659710/Apprenticeships\\_evaluation\\_2017\\_employers.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/659710/Apprenticeships_evaluation_2017_employers.pdf)

Because of the responsibilities that they have towards their localities, London boroughs are leaders of place, which empowers them to:

- Help shape outcomes for their residents, businesses, and communities while boosting their local economy
- Use the powers that they possess, such as Section 106<sup>15</sup>, to incentivise businesses that apply for planning permission to hire young and diverse apprentices as a condition of approval
- Stipulate as part of their supply chain contracts that any supplier who works for a council must hire a certain number of young and diverse apprentices.

## Community and social benefits:

Hiring diverse young people as apprentices allows boroughs to play their part in helping to reduce the number of unemployed young people and promoting social mobility. Young people from disadvantaged socio-economic backgrounds benefit more from apprenticeships than those from more advantaged backgrounds by increasing their earning potential; disadvantaged women gain a 16% boost in earning potential while disadvantaged men gain 23%<sup>16</sup>. This helps boroughs directly address economic deprivation challenges in their localities, while also developing their apprentices to learn soft skills that can be applied both in the workplace and in their communities, thus indirectly assisting community cohesion<sup>17</sup>.

Alongside this, given the incredibly diverse communities that make up each borough and the capital, diversifying London local government's workforce enables boroughs to better represent the communities they serve while also enabling them to continue fulfilling their respective equality policies and strategies.

London Councils' Chief Executives of London Committee (CELC) has played a key role in driving collaborative activity across London local government by establishing the pan-London Tackling Racial Inequality Programme. The programme seeks to support individual boroughs in their efforts to address the inequalities within their communities and organisations, and has developed a [repository of good practice](#) for boroughs. London boroughs have committed to supporting the [Building a Fairer City Action Plan](#), endorsed by the London Recovery

Board. Employing more diverse, young apprentices is a tangible way for boroughs to contribute to the plan individually and collectively.

Boroughs can fulfil their statutory duties as corporate parents with targeted apprenticeship programmes for the most vulnerable young people, including:

- **Care leavers:** There are just over 12,200 care leavers in London. the [London Care Leavers Compact](#) has developed a common baseline of services for care leavers to utilise across London in several thematic areas, one of which is Education, Training, and Employment. By creating an apprenticeship offer for care leavers, boroughs can help to improve the employment and education outcomes for this group.
- **Young people with SEND:** For those with special educational needs and disabilities (SEND), an apprenticeship programme can provide a next step for council internship programmes and fulfil their Education, Health, and Care Plans (EHCP).
- **Neuro-diverse young people:** Tailoring certain apprenticeship opportunities towards neuro-diverse young people based on their unique needs would enable them to access the workplace and develop skills and experiences they may not have had the opportunity to previously engage in, while simultaneously assisting the council in its statutory duties<sup>18</sup>.

15 Section 106 of the Town & Country Planning Act 1990 is an agreement between a developer and a local planning authority outlining measures that the developer must take to reduce their impact on a community.

16 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/894303/Apprenticeships\\_and\\_social\\_mobility\\_report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/894303/Apprenticeships_and_social_mobility_report.pdf)

17 <https://stmartinsgroup.org/apprenticeship-outcomes-and-destinations/>

18 [The Children and Families Act 2014](#) governs services for vulnerable children and their families with particular attention given to those children with additional needs.

## Financial:

Given the ongoing cost-of-living crisis, creating entry level apprenticeship opportunities for young and diverse Londoners is an essential part of London local government's response. It allows young people to earn while they learn – keeping them in education and giving them the skills and experience to progress in their career.

Apprentices can potentially help address medium-term recruitment challenges due to apprentices being more likely to be retained following the conclusion of their apprenticeship, which reduces recruitment costs over the same time horizon.

The average salary of a London local government officer below heads of service grades is £36,774, excluding on-costs such as national insurance and pension contributions<sup>19</sup>. However, the 2022/23 London Living Wage (LLW) equates to a £23,302 salary<sup>20</sup>. 23 out of 33 London boroughs currently pay at least the London Living Wage to all staff members, and we anticipate that number to rise further<sup>21</sup>.



19 Source: London Councils London borough workforce salary data

20 <https://www.livingwage.org.uk/news/real-living-wage-increases-%C2%A31090-uk-and-%C2%A31195-london-cost-living-rises#:~:text=For%20a%20Living%20Wage%20worker,who%20earns%20the%20minimum%20wage.>

21 Source: London Councils 2021/22 survey data

# Case Studies



Several London boroughs have launched programmes aimed at increasing the number of young and diverse apprentices they recruit. We have highlighted in the case studies below key approaches boroughs have taken, positive outcomes, and the lessons learnt. Crucially, common factors amongst their different

approaches include the adoption of a holistic corporate approach towards the recruitment of young and diverse apprentices, and the development of the necessary foundations and support to introduce appropriate apprenticeship opportunities across their organisations

## Case Study 1: LB Hammersmith & Fulham

### Type of Apprenticeships – Inclusive Apprenticeships

- LB H&F targets individuals from SEND backgrounds who initially complete their supported internship programme to progress into their supported apprenticeship programme
- All external apprentices are paid the LLW, and internally progressed apprentices are paid according to the salary for their graded role

### Outcomes

- 49 young apprentices between the ages of 16 – 24 have been hired since 2017 representing 29% of their total apprenticeship intake
- Of those 49, eight declared a disability, and five of those eight were hired through their inclusive apprenticeship route

- Four of their young apprentices are currently undertaking their apprenticeships

### Learnings

- A one-size-fits-all approach is unsuitable for inclusive apprentices because each individual apprentice has different requirements. Assessments need to be face-to-face and based around practical examples or their work experience
- Providing adequate support for managers of inclusive apprentices will be crucial to ensuring they feel equipped to support their apprentice successfully
- For the inclusive apprentices themselves, it is essential that they are provided with a variety of support tools to facilitate their success

## Case Study 2: Westminster City Council

### Type of Apprenticeships – Inclusive Apprenticeships

- In May 2021, Westminster City Council (WCC) launched an inclusive apprenticeship service pilot designed to serve as an inclusive employment pathway for graduates from their supported internship.
- The Employment SEND team worked with their Apprenticeship colleagues to highlight areas across the business that were seeking apprentices to fill suitable roles that fit the funding exemptions guidelines for apprenticeships, which were ringfenced

### Outcomes

- Two apprentices have secured internal roles at WCC and one secured a role externally, all on the L2 Customer Service inclusive apprenticeship
- There are currently six inclusive apprentices on the same standard at WCC and external organisations

### Learnings

- One challenge WCC faced both internally and externally was educating colleagues that were unaware of the existence of these guidelines whilst reassuring potential employers that these exemptions do not impact the standard levy funding stream and can also be applied to any L2 apprenticeship
- Initial efforts to secure approval for the inclusive apprenticeships project were difficult, as was the ability to address concerns from prospective hosts, due to the lack of internal and external case studies
- Retaining staff already trained within their supported internship enabled the council to make financial savings on salary and training costs while apprentices start at the same entry level salary as new council staff, rendering cost efficiency from a business analysis standpoint

## Case Study 3: LB Redbridge

### Type of Apprenticeships – Young and Diverse

- The London Borough of Redbridge recruited apprentices using a variety of methods, including regular council recruitment, progressing individuals who had previously secured a Kickstart placement, and taking an apprentice first approach to new vacancies

### Outcomes

- LB Redbridge was able to recruit 18 new young apprentices and 12 diverse apprentices
- Financial savings were made on a LLW of £20,741 compared to regular council salary pay scales – savings ranged from £289 for roles at SCP1 to £8251 at SCP20
- Apprentices positively contributed new ideas to their respective services, the reputation of apprentices internally was positively increased, and succession planning was enabled for vacant roles at higher levels of the council

### Learnings

- Some managers did not understand the extent of the new responsibilities managing an apprentice would entail compared to a regular council employee
- Some services would not allow their apprentices the requisite time they needed to undertake their apprenticeship training course
- Redbridge overcame these challenges and others in several different ways, including disseminating key apprenticeship information through their intranet, holding information sessions with apprentices to allow them to share their experiences with colleagues, and raising apprentice internal communications and information regarding apprentices, and increasing apprentice pay from the National Minimum Wage (NMW) to the London Living Wage (LLW)

## Case Study 4: LB Brent

### Type of Apprenticeships – Disabled

- Brent’s apprentices were all recruited using the same eligibility criteria – candidates must be residents of the boroughs and supply supporting information regarding their interest in an apprenticeship

### Outcomes

- Since 2017, over 85% of apprentices recruited by the London Borough of Brent have protected characteristics. They have recruited more than 10 apprentices with hidden disabilities, 25% of whom are aged between 16-24
- Brent pays the London Living Wage to all borough employees
- Apprenticeship standards that have been successful include:
  - L3 Business Administration
  - L3 Information Communication Technician
  - L3 Junior Content Producer

- L4 Data Analyst
- L4 Software Developer

### Learnings

- Flexibility is needed as a one-size-fits-all approach is unsuitable when each individual has their own respective needs
- Having a two-stage interview process where a telephone or virtual interview takes place first, followed by a face-to-face interview, helps candidate performance
- Ensuring that managers are aware that apprenticeships are training opportunities, that relevant support is available to both apprentices and managers, and the importance of holding regular meetings with everyone involved, including providers, to facilitate communication and achieve shared goals is important.

## Case Study 5: LB Camden

### Type of Apprenticeships – Contract and s106

- Camden takes a multi-team approach, bringing together their legal, procurement, and apprenticeship delivery services to ensure a holistic approach
- Camden engages with potential bidders both prior to and during the tender process and invites them to require potential contractors to provide a method statement outlining what they can deliver, timescales for delivery, and how they will deliver those apprenticeships
- All contractors are required to recruit their apprentices through Camden and pay LLW, which enables them to maintain control over the recruitment processes while monitoring the progress of contracts and building their own dataset about their apprentices

### Outcomes

- In 2021, contractual commitments were secured to deliver 47 apprenticeships

- 26 apprenticeships were also obtained through s106
- Within their borough, Camden worked closely with the London Progression Collaboration to commit £105k of levy funds to create 13 apprenticeships for local businesses

### Learnings

- Camden enforces their contracts through regular continuous monitoring, but maintain a degree of flexibility in their approach depending on the contract
- Having sufficient political support from the council’s leadership, coupled with officer efforts at all levels of the organisation, and maintaining a consistent policy approach under the auspices of their corporate strategy is crucial to delivery
- Due to the variety in contracts, ensuring that the associated contract management is understood by all colleagues is important, as is maintaining a degree of flexibility around the design of contracts and their enforcement

## Case Study 6: LB Lewisham

### Type of Apprenticeships – Businesses

- Lewisham Council set an ambitious target to create 250 new, living wage apprenticeships in the borough between 2018 and 2022
- They worked closely with all anchor institutions in the borough, securing agreement among the entire public sector to maximise apprenticeship delivery in their organisations
- Lewisham undertook a borough-wide survey of minority owned businesses in the borough, revealing that those businesses were less likely to access council support.

### Outcomes

- Lewisham has retained 60% of their apprentices, 60% of whom are from a minority ethnic community
- The borough's apprenticeship programme achieved

260 apprenticeships in this period, surpassing their target

- They coupled their levy transfers with their Covid-19 business support programme which resulted in 31 apprenticeships created by levy transfers

### Learnings

- Lewisham took a proactive and outward looking approach to achieve the target number of apprenticeships required
- With low job density and barely any large businesses, Lewisham focussed on supporting micro-businesses and those with growth potential to increase local apprenticeships
- Creating stakeholder forums enabled a collective accountability to be created, both operationally and at a leadership level

## Case Study 7: Islington

### Type of Apprenticeships – Construction

- In 2022/23, Islington initiated a new approach towards the way they work with their supply chain of construction contractors on their new home building programme. All contractors must now employ apprentices directly and use their own apprenticeship levy to pay for training costs
- The council pays an upfront financial contribution via s106 towards all apprentices' wages, ensuring that all apprentices are paid the LLW
- This contribution covers apprentice salaries for two years, and Islington guarantees one year of employment for every 10 new units of housing built

### Outcomes

- Five L6-7 apprenticeships have been created on this programme as of September 2022

### Learnings

- This approach has helped to create higher quality apprenticeships while demonstrating empathy with contractor supply chains, helping to strengthen their relationships as well as displaying a sympathetic approach for the costs incurred by the contractor's own supply-chain
- Several barriers to successful apprenticeship outcomes have been overcome through this process, including low commitment levels from sub-contractors, payment of college fees, and apprentices failing to complete their apprenticeships
- This model is designed for other councils to adopt and adapt to their own circumstances, which could provide a substantial resource for boroughs to support their own apprenticeships

## Case Study 8: Southwark

### Type of Apprenticeships – Apprenticeship Standard

- In 2020, Southwark relaunched the Southwark Apprenticeship Standard by expanding the criteria for a good quality apprenticeship and committing to create additional networking opportunities for their employers and apprentices

### Outcomes

- In 2019-20, Southwark created 138 apprenticeships in the construction sector by working with developers and training providers
- Their Construction Skills Centre equipped residents with the skills and matched them with appropriate businesses to create 93 apprenticeships
- 105 apprenticeships were created by employers who signed up to the Southwark Apprenticeship Standard

### Learnings

- Southwark consulted with its local businesses to understand what they most valued about working with the council on apprenticeships and used the feedback to inform the redesign of the Southwark Apprenticeship Standard
- Their work with local employers was essential to understanding the impact of Covid-19 on the apprenticeship labour market



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