GET OLDHAM WORKING - Young Trainee Programme

Report of Executive Director Commissioning

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Reason for Decision
The Council has launched its Get Oldham Working Campaign to help more Oldham residents to get into employment. The Council intends to take a lead in creating a new type of job aimed at young people who are not sufficiently qualified to become an apprentice, but who want to work and need a ‘stepping stone’ in to sustained employment.

Executive Summary
Get Oldham Working seeks to provide 2015 work related opportunities for 2015 Oldham residents by 2015. One of the key barriers to employment for many people is the lack of meaningful work experience or no work history.

This report outlines new jobs as part of this commitment – jobs that can be created using existing Government and GM grants targeted at young people in Oldham for whom there is a ‘gap’ in provision currently. Oldham has a large number of young people who do not have / cannot achieve a Level 2 NVQ qualification currently, therefore cannot access apprenticeships. These young people however still want to, and need to, get in to work as a priority.

The proposal is to create a total of 200 opportunities comprising 150 new 6 month jobs with training aimed at unemployed young people, in addition to continuing to provide apprenticeship opportunities in the Council (approx. 50 new opportunities in addition to those already in the council)

Initially located within and underwritten by the Council, these jobs provide a vital step towards gaining a permanent position either in the private or public sector longer term. This is part of the Council ‘doing its bit’ but it also shows Council leadership about
thinking creatively, introducing something new and bold which we anticipate can expand across the public sector and in to the business base of Oldham.

To underpin the commitment, the Council will introduce priority access to its own job vacancies to open up a valuable routeway to sustained employment, as well as demonstrating to other partners that this is a commitment they too can make to the young people of Oldham.

Various scenarios have been modelled from 75 opportunities to 2000 – some demonstrate that there is significantly more financial risk than others. The option being recommended has been scrutinised by finance, based on best practice and advice from New Economy, and endorsed by EMT.

Because of the financial risks associated with the introduction of the jobs it will be introduced as a pilot and will operate in tandem with the Council’s existing apprenticeship scheme.

The pilot programme will seek to deliver 150 trainee job opportunities phased over a full year but split in to two distinct phases of 75. In turn, these jobs will be on a phased monthly start date working to an agreed profile to enable all aspects of the programme to be contained financially and managed carefully. To minimise the risk, the scheme will be reviewed at the end of the first 26 weeks and, if necessary revised, before embarking on the second cycle of trainee positions to minimise the financial risk to the Council. A further report for decision will be developed before the end of the second cycle to determine whether or not the scheme should continue beyond the pilot phase.

The model builds on Government and GM grants available as well as a service or ‘external employer’ contribution of £2k per trainee job. In this way, it is possible that employers outside the council (public, voluntary and private) will want to engage in using the programme and some are already interested. This in the long term could lead to the programme being financially sustainable and to the creation of more jobs for young people across the borough’s business base. This, in time, could begin to form the basis of an ‘agency’ model for Oldham.

To develop its’ long term sustainability, the GOW team in the Council is engaging wider partners and employers now to encourage them to either contribute to this model (add more jobs); recruit from the talent pool it will create; create jobs as part of the 150 target; or replicate the model in their organisations.

This means that this programme meets multiple needs in Oldham:

- the urgent need to create jobs for young people now and at a reduced cost (accessing the un-used national and GM grants already available)
- to de-risk the process of accessing grants, which SME’s and the voluntary sector find bureaucratic
- to create more jobs in the private sector
- begin to test out an agency approach to hiring young people in the first instance
The programme will run as a pilot in the first instance because there are a large number of variables and therefore risks in relation to the total potential costs.

**Recommendations**

Cabinet is recommended to:-

1. Approve the introduction of the Oldham Young Trainee Programme as part of its Get Oldham Working programme to create a pilot that creates 150 trainee opportunities and 50 apprenticeships; and
2. Require the Executive Director of Commissioning to review the programme after the first cycle of 6 months to assess the financial risks before starting the second cycle and at the end of the pilot scheme to determine whether the scheme can be repeated and made sustainable.
Oldham Council Young Trainee Programme

1 Background

1.1 The Council has made a commitment to make 2013 the “year of jobs” and is introducing measures under the brand ‘Get Oldham Working’ providing practical support to enable more Oldham residents to get a job. Partners and Leadership have supported the vision to create 2015 opportunities for 2015 unemployed people in Oldham, by 2015 – including volunteering that leads to employment, 6 month paid jobs and apprenticeships. In addition there is a commitment to a step change in how inward investment and procurement leverages more jobs for Oldham people (Social Value); public service reform and the need to work across the public sector to connect people to jobs; better connectivity and transport; enterprise support.

1.2 The number of young unemployed people (aged 18-24) has more than doubled since the start of the recession. Youth unemployment has more than doubled since December 2007 from 1205 young people not working – to 2715 in September 2103. This is creating a troubling legacy which will be difficult to recover from.

1.3 The business community is struggling to operate in these financially constrained times which means they need to protect their bottom line. As is the case in any recession, young people find it the most difficult to get a job, as employers often favour more experienced or productive older workers who have a work record and who need less training or support.

1.4 A key part of Get Oldham Working therefore must include measures to support young people to be more competitive in the labour market, to give them at least a level playing field when they apply for jobs i.e. a reference, some work history, a reputable employer recommending them for work, confidence to apply for jobs, interview skills. Much of the best practice in this arena revolves around ‘attaching’ young people to the labour market as an effective solution – i.e. creating temporary jobs.

1.5 Discussions have been held with the main agencies involved in delivering employment support in Oldham (including JCP, Work Programme primes, New Economy, PSO National Careers). There is consensus that long term unemployment (6-12 months +) is a significant barrier to ever finding sustained employment.

1.6 Approaches that create jobs with training (additional to the apprenticeship offer) for young people who, for whatever reason cannot secure an apprenticeship, are vitally important, and are few in number in Oldham. This report outlines a proposal to create temporary jobs with training alongside apprenticeships in Oldham. It will target Oldham young people aged 18-24 in order to: impact on youth unemployment rates in the borough; attract important national funding (such as the Youth Contract via DWP); meet employer needs; and prevent long
term problems associated with unemployment – health, crime and disorder, community cohesion. It will complement the delivery of apprenticeships or Internships in Oldham by offering a route to work that is not reliant on already being able to complete a level 2 NVQ, or higher, thereby providing an offer that develops work experience and improves skills levels among low skilled / low qualified young people.

1.7 The programme outlined in this report is initially delivered and underpinned by the Council (along with Government and GM grants) but can be extended to or replicated with other partners to expand its’ impact and reach. The programme is therefore positioned and intended to form the basis of an ‘Oldham agency’ – by being an incubator to test out the vision of creating jobs for young people.

1.8 The programme could be offered to other target groups e.g. residents above 24 years old but external income and DWP grant streams for these groups does not exist, meaning this would have to be resourced in full locally.

2 Current Position – The Young Trainee Programme ‘Model’

2.1 The GOW team will work with Council managers and People Services staff to create 6 month jobs (including person specifications etc). These will be programmed across an agreed timescale and promoted to young people using the following methods: those registered with the existing employability@oldham Talent Pool, JCP, training providers, PSO, National Careers service, Work Programme, Universal Credit team, voluntary and community groups, Work Clubs and Family Support providers, elected Members, local media outlets, notice boards, the council website. (JCP and the Work Programme providers will be required to verify eligibility for the Youth Contract provision).

2.2 The team has also begun to work with other employers to promote the model and this is leading to additional jobs being proposed that could form part of the 150 job creation target, however the Council will still act as the ‘broker’ and employer. This involvement would also help to mitigate the risk to the council, and cost, bringing in financial contributions from other employers.

2.3 During the 6 month job, young people will work alongside existing staff and will be doing real work of real value to the organisation and themselves. However we are not ‘using’ trainee roles to perform tasks that should be performed by people employed on the appropriate pay grade.

2.4 There are a number of scenarios that could lead to a 6 month job being created by a manager. All will be vetted to ensure integrity and will have HR endorsement. Examples include:

• it is purely over and above the normal staffing establishment and is linked to a specific service need, task, project which the manager has the budget for.
• a vacant post could be left unfilled and a manager can decide to create trainee roles which encompass appropriate level tasks for a 6 month period
• it is a temporary job need – the manager will be a staff budget that can be adapted to accommodate the creation of trainee positions and can be shown as not displacing staff
• it is a role that can be fulfilled in a trainee capacity – it cannot be an established post that should be paid on the appropriate grade for a job

2.5 This also presents a development opportunity in leadership and supervisory skills for our staff. Trainees will have access to a mentor and will have the back-up of the GOW team for advice should issues arise, as will their managers. Managers will be offered training in mentoring skills, possibly via the GM Commitment Mentor training programme (pending its’ roll out).

2.6 A media and communications strategy is in development.

3 Selection of young people

Appendix 2 illustrates the 6 month pathway for a young trainee

3.1 It is imperative that young people are chosen for their potential and not their qualifications and experience – as this is defeating the objective of the programme. It is also imperative that young people are retained on the programme for as close to 26 weeks as possible to maximise the income streams identified, such as the Youth Contract.

3.2 A key design feature is therefore a 2 – 4 week period of time where the young people could remain on benefits but can be testing out their ‘fit’ to the job they have been selected for – a working interview, or work experience phase. This is also where the manager can assess their ‘fit’ more effectively than via a traditional interview process. For this programme, it is also an opportunity to provide some confidence building support, sort out issues such as debt, housing, transport and so on. This has been run successfully for looked after children and a similar approach is being modelled here.

3.3 The GOW team will act as liaison between Council managers (and other managers) and the young people / providers to ensure the recruitment process is fit for purpose and meets the needs of all involved.

4 In work support

4.1 The Council will provide or broker supervision and mentoring to all young people – some will require additional in work support. This includes the Council’s HR services will have a dedicated role for GOW to add capacity to the programme also.

4.2 Positive Steps Oldham provides National Careers Service delivery which can add an individualised employment plan including skills issues that might need addressing. It is expected that this will enable the manager to proactively support the young person to set and achieve personal goals and targets.
5 Training

5.1 During the 6 month job we expect all young people to take part in some training – this is usual in any new job and is no different for them. Training in a work context will be a new experience for many and will be a confidence boost as well as a skills boost. Managers are expected to release trainees for appropriate training as part of an agreed action plan, which we expect them to be best placed to advise on for their service area.

5.2 Commitment has been sought from the local training providers, colleges and Union Learning reps to offer suitable training courses for example Skills for Life support. We expect to work with training providers to develop a flexible menu which is funded by Government agencies or can form part of the Work Programme black box provision.

5.3 There is no expectation that there will be funding to purchase bespoke training at this moment and it is recognised that the level of training secured is likely to be limited.

6 Progression pathways

6.1 The key objective is to ensure as many trainees move off from the 6 month job in to sustained employment in the Council or elsewhere – especially into the private sector. The scheme should seek to support at least 50% into sustained employment. This will be an improvement on the scheme's predecessor, Future Jobs Fund.

6.2 By introducing a policy change, the Council will give all these young people 'priority access' to council jobs, to demonstrate its commitment to employing young people from the programme. We expect some young people to progress in to council mainstream posts in this way, and we are in the process of encouraging other employers to make this offer (some other public sector partners are already considering this). Priority Access has been discussed with the Trade Unions and there are no issues to prevent its' introduction.

6.3 Priority Access means young people who are in a 6 month trainee job will begin to have priority access to council vacancies as they arise. We are recommending that this begins once they have successfully completed 4 of their 6 months in the trainee job. This is enough time for managers to know if they are of a level where they could sustain a job in the Council. Other substantive but at risk staff will however be first in line for any vacancy before a trainee can be considered.

In practice:
- Managers notify HR of a vacancy
- HR check no at risk staff available
• HR hold vacancy for 5 days during which time all trainees can apply. This seeks to minimise disruption to recruitment timescales but at the same time shows demonstrable support to young people
• any deemed suitable to be interviewed in the usual way
• This means there is competition for jobs and candidates need to fulfil the role, but they are only competing against other similar young people, thereby levelling the playing field.
• The GOW team in the council will support young people with mock interviews and preparation.
• Trainees will have to meet the requirements of the post and if no candidate is found suitable, the job will be released to wider recruitment.

6.4 In this way, the Council could:

• Reduce its reliance of, and cost of, hiring people from expensive agency staff. We anticipate that some agency roles are of a level where a young person who has been in a 6 month temporary job could be employed instead
• Increase the levels of sustainable opportunities for young Oldham residents
• Create genuine new opportunities that lead to sustained jobs
• Support local businesses and partners to ‘do their bit’ by being part of this pilot and ultimately the possible creation of an ‘agency’.

6.5 The key objective is to support young Oldham residents into sustained employment. Once the model has been sufficiently developed within the Council, we will seek to extend it to other public sector partners in the first instance and then on to the private sector. The model has been designed in such a way that partners and local businesses could create a job and offer it to a young person who is employed by the agency but placed with an employer.

6.6 Key to the model is the Council being the employer for the young people for 6 months, utilising the council’s payroll.

6.7 Employment Contract details are being finalised but would be, in essence a 6 month fixed contract on the National Minimum Wage as an employee of Oldham council, with access to all the usual terms and conditions of employment including automatic enrolment for pensions (options to opt out apply), sick pay, paid annual leave. The financial modelling assumes people are paid in line with Council contracts.

6.8 Critical is the understanding of the membership of the Local Government Pension Scheme. Each financial scenario has been scoped out to include pension costs and is provided within the financial modelling Appendix 1 shows (a) without membership and (b) with membership. The inclusion of pension contributions within the scheme makes a significant difference to the costs.
7. Wider Links

7.1 The programme will also provide an important offer to embed within the Universal Credit pilot, to engage with first time UC claimants who are single (many of whom will be young people with additional support needs to find work). It will also continue to provide an offer to looked after children in Oldham. There is an opportunity to connect these jobs to people in certain priority areas such as Coldhurst and St Marys and this is currently being scoped out with officers working on the Troubled Families agenda.

7.2 Creating 6 month jobs for young people as outlined in this report could form a key building block – a ‘step one’ - towards the creation of the Oldham Trainee Agency, where consultations to date show that more jobs for young people would be created across sectors (private, voluntary, community and public) IF there was
- less risk involved in employing someone directly
- a simpler way of accessing wage subsidies (confusing and time consuming)
- there was more support in promoting jobs to suitable unemployed young people

7.3 There is a need to move away from a reliance on expensive agency staff and towards an approach that provides quality employment for local unemployed (young) people who want to work. This programme could begin to address this, having a ‘pool’ of young people in the Council who can be hired in to jobs as they arise and reducing the demand and cost of agency staff especially in lower level / not specialised roles.

8. The Funding

8.1 A typical cost for one job depends on the rate of pay, age of the young person and hours employed. A young person with no or limited work history and qualifications will not be 100% productive in their first 6 months employment. It is important that it is recognised that this 6 months is a period of learning as well as work.

8.2 The benefits of positioning these jobs on the National Minimum Wage are:-

i. Young people will roughly double their income from £71 per week JSA to £154 per week and this is a strong incentive for them to apply

ii. It meets the minimum legal threshold pay rate

iii. It incentivises young people to want to move on beyond the 6 months and apply for another NMW job or higher, i.e. living wage

iv. Young inexperienced people in Oldham are not earning more than experienced workers in industry some of whom are not on the Living Wage
8.3 **External Income sources:**

8.3.1 To offset the costs of creating jobs, there are various external income sources available which should be maximised as a priority and have been built in to the modelling:

- **Youth Contract Wage Incentive** - £2,275 for each young person that remains in employment for 26 weeks. The young person will be unemployed for 6 months or more and will be sourced from Job Centre Plus and/or potentially the Work programme.

- **GM commitment** – up to £1,500 for the first 75 young people recruited is available for Oldham

- **GM Talent Match fund** (to replace the GM Commitment estimated December 2013 and TBC)

It is, however, vital to the financial viability of any scheme proposed, that these external funding sources are secured.

8.4 **Funding model**

8.4.1 Working very closely with Financial Services a range of scenarios have been modelled which demonstrates the potential financial consequences of:

- creating new job opportunities for young people;
- maximising external income;
- mitigating the financial risk to the council; and can be scaled up (beyond the incubator phase).

8.4.2 Each model has variances such as: hours worked by trainees; estimated retention in jobs rates; pension and wage rates. It is therefore apparent that there are numerous potential outcomes depending on the combination of factors applicable to a cohort of trainees/apprentices.

8.4.3 For the purposes of demonstrating the possible financial implications, a range of scenarios are presented. Each scenario assumes the following

- Trainees drop out over the period.
- External income is phased over the period and is dependent upon meeting the criteria of funding
- The Service Area Contribution is fixed at £2,000 per trainee (this is a key income stream)
- Where apprentices are included within the modelling, Service area contribution is assumed at 50% cost.

Each scenario is categorised within appendix 1 financial modelling as ((a) and (b)) which illustrates the comparable cost when considering membership contributions to the Local Government Pension scheme – (a) no membership
for any trainee/apprentice and (b) membership for any trainee/apprentice. In reality, some trainees/apprentices are likely to seek membership but by no means all.

8.4.4 Other key assumptions have been made that underpin the financial modelling as follows:

- The Councils apprentice budget for 2013/14 is £150,000 for a full year but having accounted for already committed costs outside the GOW programme, £93,000 is available for the scheme.
- Within this budget there is a requirement to utilise £25,000 for trainees/apprentices who fall within the criteria of ‘Looked after Children’.
- The apprenticeship budget for 2014/15 is £150,000 including ‘Looked after Children’ element.
- Any revenue budget underspends must be ring-fenced and carried forward into future years
- The Apprentice Reserve of £150,000 is available in 2013/14 with any remaining resources being made available to the scheme into future years
- Get Oldham Working (GOW) Reserve is available in 2013/14 with any available remaining resources being made available to the scheme into future years.
- Admin/marketing and any other running costs are maintained within existing revenue budgets. Should any increase in volume impact upon a requirement for additional resource, then additional funding outside the scheme is to be identified.
- The highest salary rate for trainees of circa £6.31 (NMW) for age 21 and over, therefore costs will reduce when employing people in the younger age group
- Payment to trainees is for 30 hours per week therefore any increase in contracted hours would increase the cost.
- External Funding is confirmed and is claimable at weeks 13 & 26 at 50% per stage payment (trainees only)
- External funding for Apprentices is available a maximum of 20 apprentices at £750 each.
- Contributions from services received at weeks 13 & 26 at 50% per stage (trainees only). This is a critical factor to the financial viability of the scheme.
- Payment to apprentices is for 36.6 hours per week with fixed contracts of 12 months
- An apprentice weighted average salary between NVQ Levels 2 and 4 as indicated by the GOW team,
- A Service Contribution of 50% towards apprentices is phased in line with costs. This is critical factor for the financial viability of the scheme.
- There are no costs associated with sickness
- Contingency costs increase proportionately for scenarios 1-6 based upon number of trainees and apprentices due to the increased level of uncertainty and risk and funding streams. An additional contingency has been applied to options 7a and b to reflect the even higher risk levels.
External funding is available for ALL trainees within the criteria and that there is no maximum number of trainees that will be funded. However, should there be a cap on the number of training places that external funding will support, this would result in a significant adverse effect on the calculations.

8.4.5 The results of each scenario are set out in Appendix 1. This shows an estimate of costs, with available financing and potential impact upon internal resources,

Scenario 1 (a) – 75 Training Opportunities phased over one 6 month cycle
The scheme will be self-financing generating a surplus of £4,498 (provided there is a service area contribution of £2k per trainee) without the use of available budget or reserves (these resources would be available to fund any variation from the modelled scenario)

Scenario 1 (b) – 75 Training Opportunities phased over 6 months (with pension contributions)
The scheme shows a deficit of £45,989 after service area contribution of £2k per trainee and therefore requires some use of the available budget but not reserves (these resources would be available to fund any variation from the modelled scenario)

Scenario 2 (a) – 150 Training Opportunities phased over 2 cycles of 26 weeks and 50 apprentice places
The scheme shows a deficit of £163,016 after service area contribution of £2k per trainee and 50% contribution for each apprentice and therefore requires the use of available budget in both years but not reserves (these resources would be available to fund any variation from the modelled scenario)

Scenario 2 (b) – 150 Training Opportunities phased over 2 cycles of 26 weeks and 50 apprentice places (with pension contributions)
The scheme shows a deficit of £296,638 after service area contribution of £2k per trainee and 50% contribution for each apprentice and therefore requires the use of available budget in both years as well as the apprentice reserve only (remaining resources would be available to fund any variation from the modelled scenario).

Scenario 3 (a) – 75 Training Opportunities over 26 weeks plus 50 apprentice places
The scheme shows a deficit of £183,272 after service area contributions of £2k per trainee and 50% contribution for each apprentice and therefore requires the use of available budget in both years but not reserves (these resources would be available to fund any variation from the modelled scenario).

Scenario 3 (b) – 75 Training Opportunities over 26 weeks plus 50 apprentice places (with pension contributions)
The scheme shows a deficit of £267,424 after service area contributions of £2k per trainee and 50% contribution for each apprentice and therefore requires the use of available budget in both years as well as the part of the
apprentice reserve only (remaining resources would be available to fund any variation from the modelled scenario).

Scenario 4(a) – 250 Training Opportunities over 26 weeks plus 100 apprentice places
The scheme shows a deficit of £328,702 after service area contributions of £2k per trainee and 50% contribution for each apprentice and therefore requires the use of available budget in both years and part of the apprentice reserve only).

Given the numbers included in this scenario, there is a high risk that there would be some variation from the assumptions made, and there would be a requirement for increased expenditure on administration. This is therefore likely to utilise all the mainstream budgets and one off reserves available and because of the increased risk and uncertainty will also require additional Council resources. This also assumes a service contribution from the Council of £774,305 is available (if other organisations have not engaged with the provision of training).

Scenario 4(b) – 250 Training Opportunities over 26 weeks plus 100 apprentice places plus pension contributions
The scheme shows a deficit of £576,503 after service area contributions of £2k per trainee and 50% contribution for each apprentice. This would require all budget and reserves and an additional Council contribution of £63,503 on top of the £836,315 service contribution that is assumed (if other organisations have not engaged with the provision of training).

Clearly scenario 4(b) requires additional Council funding of a minimum of £63,503 and probably to a much higher degree because of the level of risk and uncertainty around the training figures.

Scenario 5(a) – 500 Training Opportunities over 2 cycles of 26 weeks plus 200 apprentice places
The scheme shows a deficit of £706,204 after service area contributions of £2k per trainee and 50% contribution for each apprentice. This would require all budget and reserves and an additional Council contribution of £193,204 on top of the £1,548,611 service contribution that is assumed (if other organisations have not engaged with the provision of training).

Scenario 5(b) 500 Training Opportunities over 2 cycles of 26 weeks plus 200 apprentice places plus pension contributions
The scheme shows a deficit of £1,168,006 after service area contributions of £2k per trainee and 50% contribution for each apprentice. This would require all budget and reserves and an additional Council contribution of £655,006 on top of the £1,672,629 service contribution that is assumed (if other organisations have not engaged with the provision of training).

Given the numbers included in scenarios 5a and b, there is a high risk that there would be some variation from the assumptions made, and there would be
a requirement for Council resources at an even higher level as well as a contribution to scheme administration.

Scenario 6(a) – 1,000 Training Opportunities over 2 cycles of 26 weeks
The scheme shows a surplus of £200,136 after service area contributions of £2k per trainee. This would leave all mainstream budgets and reserves available but relies on a service contribution of £1,510,000 (if other organisations have not engaged with the provision of training).

Scenario 6(b) - 1,000 Training Opportunities over 2 cycles of 26 weeks plus pension contributions
The scheme shows that it would produce a deficit of £480,850 after service area contributions of £2k per trainee. This would utilise all mainstream budgetary provision and most reserves and would rely on service contributions of £1,510,000.

Given the numbers included in scenario 6a and b, there is a high risk that there would be some variation from the assumptions made, and there would be a requirement for Council resources at an even higher level as well as a contribution to scheme administration.

Scenario 7(a) – 2,000 Training Opportunities over 2 cycles of 26 weeks
The scheme shows a surplus of it of £350,275 after service area contributions of £2k per trainee, but also after the inclusion of a contingency of £50k over and above the proportionate increase. This would leave all budgets and reserves available but relies on a service contribution of £3,020,000 (if other organisations have not engaged with the provision of training).

Scenario 7(b) - 2,000 Training Opportunities over 2 cycles of 26 weeks plus pension contributions
The scheme shows that it would produce a deficit of £1,011,700 after service area contributions of £2k per trainee, but also after the inclusion of a contingency of £50k over and above the proportionate increase. This would utilise all mainstream budgetary provision and all reserves and would require an additional Council contribution of £498,700 and would rely on service contributions of £3,020,000 (if other organisations have not engaged with the provision of training).

Given the numbers included in scenario 7 (a) and (b), there is a high risk that there would be some variation from the assumptions made, and there would be a requirement for Council resources at an even higher level as well as a contribution to scheme administration.

8.4.5 The resources available to scheme could be enhanced by:
• Managing the demographics of the each cycle
• Securing a higher % service contribution for apprentices
• Securing a higher fixed service contribution per trainee
• Potentially securing funding from Job Centre Plus to cover contingency items such as travel
• Potentially generating income from external placements much later in the scheme (not yet quantifiable)

8.4.6 Delivery options have been considered in light of risk, variables, the need to move to delivery quickly as well as a desire to maximise the opportunity for lasting culture change internally. Considering the risks, opportunities and variables, this programme is best tested internally as a first stage – linked outcomes will be:

• encouraging culture change within the Council – from creating opportunities, supporting young people, changing recruitment practice
• shifting the reliance on the use of (high cost) agency staffing costs towards recruitment from the trainee pool - this will take some time to embed fully.
• working closely with partners until they are familiar with it, growing the feasibility of introducing a new arms-length agency via an existing or new social enterprise will have a greater chance of success
• embedding GOW as part of the Council’s Social Value commitment
• the need for ‘urgency’ in beginning a programme of this kind, using existing mechanisms in the first instance is pragmatic and effective use of current resources
• a model that can flex to the private sector – employers often perceive the recruitment of young unemployed people as a ‘risk’. This programme will enable employers to offer work trials, secondments and working interviews to young people on the programme – to remove risk but also create the potential of a job match.

9 Consultation

9.1 A wide range of managers and partners have been consulted and continue to engage with the development of this programme as part of Get Oldham Working including

• Health, police, fire, colleges, the Unity Partnership, heads of service in the council, Universal Credit pilot leads, Troubled Families.

• Job Centre Plus have welcomed the proposal and we have aligned the model with their schemes/services. They welcome all pre-employment training, work experience and paid jobs because there is a gap in this type of provision.

• Positive Steps Oldham were consulted fully in the development of the initiative and are supportive.
• The initiative was broadly introduced via the Jobs Summit on the 21st January and the principles were accepted.

• The GM Employment and Skills Hub (New Economy) support the programme and have advised on similar GM models, financial viability, GM commitment funding and funding streams available for 18-24 year olds.

10 Financial Implications

10.1 As detailed in the funding section of the report, the modelled scenarios show that based on the assumptions made there are sufficient resources available to support a pilot scheme for opportunities scenarios 1 – 3 a and b for:

- 75 trainees over a 26 week period
- 150 trainees over 2 cycles of 26 weeks and 50 apprentices
- 75 trainees over 1 cycle of 26 week plus 50 apprentices

10.2 As numbers increase towards scenario 4 (250 trainees over 2 cycles of 26 week plus 100 apprentices), the programme of activity draws on more and more Council resources in terms of use of mainstream budgets, reserves and service funding for the trainees and as a result of the increased uncertainty is likely to require additional Council funding for (over and above £775k exc pension and £836k inc pension) which there is no current budget or reserve available.

10.3 The scenarios are however based on a wide range of assumptions, including the level of available resources from the Council and also external agencies. It is impossible to present anything other than possible scenarios and therefore the actual cost to the Council could vary significantly from that presented.

10.4 Key issues to note from a financial perspective are that:

- At this stage there, no external resources have been formally secured and no cap on the number of trainees for which external resources has been assumed. If there was a funding cap, this would impact on funding assumptions
- Decisions about the availability of Council budgets and reserves have yet to be formalised. Resources within the revenue budget, any in year under spending and existing reserves would have to be ring fenced to support the training scheme.
- A critical element in the financial modelling is the assumption of a £2,000 service contribution per trainee and 50% assumed contribution towards each apprentice. At this stage this cannot be identified to any service budget and service areas will need to identify this. As can be seen, as volumes increase the cumulative level of funding required from Council service areas becomes prohibitive. At scenarios 5, 6 and 7, Council service contribution range from £1.5m and £3m respectively if there is no external funding available. Proceeding with the initiative would therefore
lock in these resources for the duration of the programme and limit the
Councils flexibility in addressing any savings target required to balance the
budget
- The potential costs of the scheme could vary considerably depending on
the individuals employed and whether for example they choose to joint the
Local Government Pension Fund.
- Given the wide variations that could occur and the financial uncertainty
that this creates, any pilot scheme would require very close monitoring and
reporting of progress to assess success and financial viability before any
further longer term commitments could be made.
- No costs for additional administration have been factored into the figures
presented but as the number of trainees and apprentices increases, this is
likely to require a significant resource input. The actual costs for
administration would have to be assessed in relation to the numbers in the
training programme.

11 Legal Services Comments

None

12 Cooperative Agenda

This programme is part of the get Oldham Working Campaign which is a
major strand of the Council’s co-operative agenda in seeking support from
employment and skills providers and from Oldham’s employers to “do their
bit” to make a difference to Oldham’s unemployment figures during 2013- the
year of jobs.

Providing work experience and pre-employment training for young people from
Oldham is part of a co-operative culture where the Council operates quite
differently to support the wellbeing of its residents.

13 Human Resources Comments

HR have contributed throughout the drafting of this report and final formal
comments are being sought

14 Risk Assessments

This financial model minimises the financial risk to the Council in Year 1 as it is
not based on ‘payment by results’ in the Work programme, although there are
risks based on length of stay in jobs. The programme therefore needs to be
closely monitored at financial pinch points during the first year, with close
monitoring of all the variables described in the report.

Measures to manage risk should it arise:

i. restrict recruitment to under 20’s to lower the wage bill
ii. stop recruitment
iii. improve retention rates by selecting candidates carefully
iv. provide more in-work support

15 IT Implications

None

16 Property Implications

None

17 Procurement Implications

Get Oldham Working has been included at the heart of the Council’s procurement and commissioning processes and its’ commitment to the Social Value Act. The menu of options as part of GOW need to encourage the provision of training and employment opportunities for local residents which will help to stimulate the establishment of follow on job opportunities for the young people on this programme.

18 Environmental and Health & Safety Implications

None from the scheme itself but Managers will need to ensure full health and safety induction for new trainees.

19 Equality, community cohesion and crime implications

The agency will ensure that recruitment to the scheme is in accordance with the Council’s current Human Resources policies. Links will be made to agencies who support people with disabilities and work will take place at community level e.g. via Jobs Clubs, to ensure that a variety of communication methods are used.

20 Equality Impact Assessment Completed?

No

21 Key Decision

Yes

22 Key Decision Reference

COMM-11-13

23 Background Papers

None.
Appendices

Appendices 1 (A) and (B) – Summary of Financial Modelling
Appendix 2 – The 6 month pathway
### Appendix 1 - Summary of Financial Modelling Scenarios

#### A. Excludes Membership in Pension Scheme

<table>
<thead>
<tr>
<th>Ref</th>
<th>Brief description of scenario</th>
<th>Expenditure</th>
<th>Income</th>
<th>Scheme/Surplus</th>
<th>Financed by</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Employee Related Costs (Total) £</td>
<td>Employee Related Costs (Apprentices) £</td>
<td>Employee Related Costs (Total) £</td>
<td>Contingency £</td>
</tr>
<tr>
<td></td>
<td></td>
<td>117,137</td>
<td>0</td>
<td>317,137</td>
<td>16,000</td>
</tr>
<tr>
<td>1</td>
<td>75 trainees phased over 1 cycle of 26 weeks excluding pension membership</td>
<td>117,137</td>
<td>0</td>
<td>317,137</td>
<td>16,000</td>
</tr>
<tr>
<td>2</td>
<td>150 trainees phased over 2 cycles of 26 weeks plus 50 apprentices (short of 200) excluding pension membership</td>
<td>415,720</td>
<td>390,090</td>
<td>1,035,813</td>
<td>25,000</td>
</tr>
<tr>
<td>3</td>
<td>75 trainees phased over 1 cycle of 26 weeks plus 50 Apprentices excluding pension membership</td>
<td>117,738</td>
<td>304,319</td>
<td>702,037</td>
<td>20,000</td>
</tr>
<tr>
<td>4</td>
<td>250 trainees phased over 2 cycles of 26 weeks plus 125 Apprentices excluding pension membership</td>
<td>1,040,523</td>
<td>788,613</td>
<td>1,838,132</td>
<td>43,750</td>
</tr>
<tr>
<td>5</td>
<td>500 trainees over 2 cycles of 26 weeks plus 300 Apprentices excluding pension membership</td>
<td>2,132,841</td>
<td>1,577,221</td>
<td>3,710,063</td>
<td>87,500</td>
</tr>
<tr>
<td>6</td>
<td>200 trainees over 2 cycles of 26 weeks (no apprentices) excluding pension membership</td>
<td>4,101,112</td>
<td>0</td>
<td>4,101,112</td>
<td>157,000</td>
</tr>
<tr>
<td>7</td>
<td>200 trainees over 2 cycles of 26 weeks (no apprentices) excluding pension membership</td>
<td>4,102,225</td>
<td>0</td>
<td>4,102,225</td>
<td>125,000</td>
</tr>
</tbody>
</table>
### Appendix 1: Summary of Financial Modelling Scenarios

<table>
<thead>
<tr>
<th>Ref</th>
<th>Brief Description of scenario</th>
<th>Expenditure</th>
<th>Income</th>
<th>Net cost of Scheme/(Surplus)</th>
<th>Financial by:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Employee</td>
<td></td>
<td></td>
<td>Apprentice Apprentice GOW Reserve (One year only)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Related Costs (Trainees) £</td>
<td>Related Costs (Apprentices) £</td>
<td>Total Cost £</td>
<td>External Funding £</td>
</tr>
<tr>
<td>Scenario 1a</td>
<td>75 Trainees phased over 1 cycle of 24 weeks including pension membership</td>
<td>287,614</td>
<td>0</td>
<td>287,614</td>
<td>10,000</td>
</tr>
<tr>
<td>Scenario 2a</td>
<td>300 Trainees phased over 2 cycles of 28 weeks plus 50 apprentices (cohort of 246) including pension membership</td>
<td>718,039</td>
<td>460,696</td>
<td>1,199,737</td>
<td>25,000</td>
</tr>
<tr>
<td>Scenario 3a</td>
<td>75 Trainees phased over 1 cycle of 24 weeks plus 50 Apprentices including pension membership</td>
<td>241,084</td>
<td>451,532</td>
<td>692,015</td>
<td>30,000</td>
</tr>
<tr>
<td>Scenario 4a</td>
<td>250 Trainees over 2 cycles of 28 weeks plus 50 apprentices includes pension membership</td>
<td>1,215,313</td>
<td>912,629</td>
<td>2,127,943</td>
<td>44,250</td>
</tr>
<tr>
<td>Scenario 5a</td>
<td>500 Trainees over 2 cycles of 24 weeks plus 50 apprentices includes pension membership</td>
<td>2,670,627</td>
<td>1,825,259</td>
<td>4,495,886</td>
<td>87,500</td>
</tr>
<tr>
<td>Scenario 6a</td>
<td>1,000 Trainees over 2 cycles of 24 weeks (no apprentices) includes pension membership</td>
<td>6,982,100</td>
<td>0</td>
<td>6,982,100</td>
<td>137,500</td>
</tr>
<tr>
<td>Scenario 7a</td>
<td>2,000 Trainees over 2 cycles of 24 weeks (no apprentices) includes pension membership</td>
<td>9,964,200</td>
<td>0</td>
<td>9,964,200</td>
<td>325,000</td>
</tr>
</tbody>
</table>
Weeks 1 - 20
Wk 1 – Induction and National Careers Service support
Week 1 – In work support begins Plus ongoing supervision from host organisation.
Week 13 – Youth Contract Claim point/ review meeting

Next Job
Progression into private sector jobs

• LEA clauses
• Campaign
• Meet the employer events
• WP Prime contacts
• 26wks plus

Appendix 2 – The Agency model

Talent Pool

Resident

Oldham Trainee Agency

Weeks 1 - 20

- Begin working interviews with other employers as part of exit strategy.
- Day release moving to full time.

Sector Based Work Academy

2 week Working Interview

1 – Job Centre Plus
2 – WP G4S/Work Solutions
3 – WP G4S/Remploy
4 – WP Seetec
5 – WP Avanta
6 – PSO Complex Families
7 – WorkChoice Remploy/Shaw Trust

26wks plus