

Item No. 17.	Classification: Open	Date: 16 July 2019	Meeting Name: Cabinet
Report title:		Programme to Deliver 500 Paid Internships	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Stephanie Cryan, Jobs, Business and Innovation	

FOREWORD - COUNCILLOR STEPHANIE CRYAN, CABINET MEMBER FOR JOBS, BUSINESS AND INNOVATION.

Having a skilled, talented and diverse workforce is essential to the success of our local economy and to meeting our ambition to become a full employment borough. However, those from less advantaged backgrounds remain more likely to be unemployed or when in work get paid less than their peers from better off backgrounds.

One of our Council Plan commitments is to make sure that 500 young people from low income backgrounds get paid internships with London's best employers and this report sets out our programme to deliver on this commitment. We know that young people face specific challenges in transitioning from education to employment and we want our internship programme to provide a platform for those who need it to be able to embark on a successful career. We want to focus on young people who do not have the family background or social networks to take advantage of the opportunities paid internships can offer. This programme will help ensure that these young people can access opportunities that are not always readily available to them.

We want to ensure that the internships created by this programme will be paid at London Living Wage as a minimum and that opportunities aren't just provided for graduates but that summer internships are offered for our year 12 and 13 students to help provide them with a strong cohesive boost to their confidence and work readiness.

As an employer, we want to lead by example and we will be introducing our own internship scheme within the Council with a commitment to offer 100 internships to young people from Southwark. These internships can potentially act as a pathway into other Council opportunities such as apprenticeships or a permanent job.

Cabinet approval of this report will allow us to open the door to a wealth of opportunities to many young people in Southwark and will truly transform their life chances.

RECOMMENDATIONS

Recommendations for the Cabinet

That cabinet:

1. Approves the Paid Internship Programme as set out in this report.
2. Instructs that an update on the programme be included as part of an annual

outcomes report on making Southwark a full employment borough.

Recommendation for the Leader of the Council

That the leader of the council:

3. Delegates decision making in regards the various elements of the programme to the cabinet member for jobs, business and innovation.

BACKGROUND INFORMATION

4. The Council Plan 2018-22 contains a commitment under the theme 'A full employment borough,' to *make sure that 500 young people from low income backgrounds get paid internships with London's best employers.*
5. Paid internships can be a great way for young people to gain skills and relevant work experience whilst receiving appropriate remuneration. By supporting young people from low income backgrounds into high quality paid internships, the council is seeking to help address some of the inequalities that still exist with *unpaid or low paid* internships, which continue to act as a barrier to those who are less well off, and improve the social mobility for those who may not have the family or social networks to help them to get a 'foot on the ladder' with high calibre employers.
6. Although this is the first time there have been specific targets for internships within the Council Plan, the council has nonetheless supported internships in recent years through schemes such as Career Ready Southwark, which has been in place since 2015. Career Ready¹ is a Citi Bank founded UK-wide charity that links schools and colleges with employers to help prepare young people for the world of work. To date, the scheme has operated in three Southwark schools – Bacon's College, City of London Academy (Southwark) and St Michael's Catholic College – with a small cohort of around 30 year 12 students from each school accessing paid internships.
7. Other schemes include the Young Vic theatre offers a Young Associate scheme part-funded by the council for local residents to work in the theatre within different departments. The scheme, which is has been running for four years, offers 9-month work placements to four young residents per year. Similarly, the Old Vic theatre, with the support of the council, offers up to two paid internship opportunities to young local residents to support their work on a variety of projects.

Policy context

8. There is no precise definition of an internship, legal or otherwise. However, an internship would generally be regarded as being a longer and more substantial work based placement than work experience. Most internships last between a month and three months although some can last up to a year. For the purposes of the council plan commitment, interns are to be counted as workers² and therefore any internship should attract appropriate remuneration.

¹ <https://careerready.org.uk/>

² <https://www.gov.uk/employment-status/worker>

9. In recent years internships have dramatically increased in number in the UK, reflecting changes in the graduate labour market. It is estimated that each year up to 70,000 internships take place but this figure could be higher still when small businesses, who are less likely to advertise internships, are taken into account.
10. Among the UK's 100 leading employers (*The Times Top 100 Graduate Employers*), three-quarters provide paid vacation internships for penultimate year students and a quarter offer paid internships for first-year undergraduates. Together, the graduate employers featured in the *Highfliers* research offered almost 13,000 paid internships and work experience placements in 2017.³
11. A study by *The Sutton Trust*⁴ found that large employers (over 250 employees) were most likely to offer internships, twice as likely as small businesses (58% compared to 28%).
12. Young people remain at a disadvantage in the labour market. Those aged 16 to 24 in 2016 were 2.6 times more likely to be unemployed than those 25 or older⁵. Those from lower socio-economic groups are also less likely to enter a professional job and people from professional backgrounds are 80 per cent more likely to get into a professional job than their less privileged peers.⁶
13. More students from low-income families are entering university by age 19 than ever before but the Higher Education entry gap by free school meal entitlement in Inner London is 9 per cent. Graduates who were on free school meals also earn 11.5 per cent less than others five years after graduating (*State of the Nation 2018-19*).
14. Despite being highly qualified, many graduates struggle to get a good, well-paid job, and high levels of competition mean that wages are not increasing. In this context, graduates need more than their degree to stand out from the crowd. One way in which they can do this is to undertake work placements – in the form of work experience and internships – to learn workplace skills and demonstrate these skills to potential employers.⁷
15. To substantiate this point, more than a third of recruiters who took part in the *Highfliers* research repeated their warnings from previous years – that graduates who have had no previous work experience at all are unlikely to be successful during the selection processes for the top employers' graduate programmes.
16. With increasing significance placed on graduates having gained work experience to compliment their academic achievements, it is particularly important that those from less advantaged backgrounds are able to access paid internship opportunities. *The Sutton Trust* found that 43% of middle-class graduates had taken an internship compared to 31% of working-class graduates and that 74% of those from working-class households showed signs of social mobility after completion. In income terms, completing an internship was associated with a circa £2,000 pay premium for both those from middle-class and those from working-class backgrounds.

³ https://www.highfliers.co.uk/download/2018/graduate_market/GMReport18.pdf

⁴ <https://www.suttontrust.com/research-paper/internships-pay-as-you-go/>

⁵ <https://www.trustforlondon.org.uk/data/unemployment-age/>

⁶ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/798404/SMC_State_of_the_Nation_Report_2018-19.pdf

⁷ <https://www.ippr.org/publications/the-inbetweeners>

17. While internships are not exclusively for graduates, IPPR analysis shows that 82 per cent of advertised internships require at least a bachelor's degree, which increases to 85 per cent of those advertised in London.

KEY ISSUES FOR CONSIDERATION

18. There are six distinct elements to the internship commitment.
19. First, the term 'young people' is taken to refer to anyone aged 16 to 24, which is consistent with broader classifications for the purposes of education, employment and training statistics.
20. Second, this programme is aimed at young people who are Southwark residents. Therefore, any resident who has a permanent home address in Southwark (domicile - rather than term-time for university students) will be eligible.
21. Third, for low income backgrounds it is proposed that pragmatic socio-economic measures be used as a proxy (as opposed to strict income thresholds). Residents who meet (a) and any one of (b), (c) or (d) below will therefore be eligible:
1. Educated at state school; and,
 2. Have been eligible for free school meals at any point;
 3. OR have been looked after by the local authority;
 4. OR previous generations in your family haven't attended university in UK.

As the programme is delivered we will monitor school and college data as part of an annual outcomes report to ensure that the criteria prioritises support for those from less advantaged backgrounds.

22. Fourth, as interns are to be counted as workers, any internship supported by the council should attract appropriate remuneration. In line with the council's role as a London Living Wage [LLW] champion, internships should be paid at LLW.
23. Fifth, it is essential that the programme supports high quality internships. *The Gateways to the Professions Collaborative Forum*⁸ and *IPPR*⁹ have provided useful best practice guidance for high-quality internships and we would expect employers to follow the principals outlined below:
- **Preparation** – clear description of the projects and tasks that the intern is expected to perform
 - **Recruitment** – fair and transparent recruitment process
 - **Induction** – interns should receive a proper induction
 - **Treatment** – interns should be treated with exactly the same degree of professionalism and duty of care as regular employees
 - **Supervision and mentoring** – regular sessions to track the intern's progress, give feedback and provide support
 - **Certification, reference and feedback** – upon completion of the internship a reference should be provided and feedback sought for reflection purposes.

⁸https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/251483/bis-13-1085-best-practice-code-high-quality-internships.pdf

⁹ https://www.ippr.org/files/publications/pdf/internships-as-opportunity-employers-guide_Apr2017.pdf

24. Sixth, our commitment is to create internships with London's best employers. In addition to the quality criteria, as a starting point, we will target those businesses who align with the council's good work standards, such as being a LLW employer and/or signed up to the Southwark Apprenticeship Standard, but also more generally those London-wide businesses of all sizes who strive to meet the Mayor's Good Work Standard.

Delivery strategy

25. The internship programme will be delivered principally via three schemes:
1. Through schools
 2. Graduates
 3. Within the council
26. The first two schemes will be commissioned services and the third delivered in-house.
27. **Schools** – specialist providers will be commissioned to link up schools and sixth form colleges in Southwark with employers to help a cohort of year 12 and 13 students to develop their employability skills through activities such as mentoring, masterclasses and work visits. Eligible students, studying at Level 3, will then complete a summer internship lasting between 4 and 6 weeks which will provide them with valuable work experience.
28. Southwark's Education Business Alliance¹⁰ will also work in partnership with the school providers so that selected schools receive a complimentary support package offer.
29. Data from the school census in January 2019 shows around 1,600 residents studying in Southwark schools in years 12 and 13. The average percentage of these students eligible for free school meals across all schools is 26 per cent. This is almost double the national average of 13.3 per cent¹¹.
30. **Graduates** – we will commission providers who are able to engage with good employers to secure paid internship opportunities and support Southwark undergraduates and recent graduates (those who graduated no more than 12 months prior) into them. Paid internships are expected to be secured with a range of employers across different sectors. For summer undergraduate internships, placements will generally be expected to last between 6-12 weeks but may be longer for graduates.
31. For 2016/17 there were 2,270 Southwark residents who progressed to Higher Education¹² and this figure has been relatively consistent over the last few years. London Councils analysis suggests that the percentage of those whose parents had not been to university is about 50 per cent.
32. **Within the Council** – at present the council does not offer a formal internship programme. A council internship scheme would make a significant contribution to the successful delivery of the ambitious council plan target and provide a

¹⁰ <https://www.southwarkeba.org.uk/>

¹¹ <https://www.gov.uk/government/statistics/schools-pupils-and-their-characteristics-january-2018>

¹² <https://www.londoncouncils.gov.uk/sites/default/files/The%20Higher%20Education%20Journey%20of%20Young%20London%20Residents%202018.pdf>

number of benefits including:

- Ongoing pipeline of future employees
 - Thorough assessment of candidates
 - Reduce recruitment costs
 - Support students and young people
 - Development of existing staff [through supervising, mentoring etc.]
 - Opportunities for young local talent, including those with barriers.
 - As an exemplar employer, the council could better leverage its influence on external organisations, e.g. contractors, supply chain etc. in an effort to further broaden the internship offer.
33. From experience with our internal apprenticeship scheme, we know that a dedicated resource to support internships, work experience, work trials and returnships will be the most effective option. By having a dedicated resource for apprenticeships, we have bucked the national trend of a 40 per cent drop out of apprentices during their studies each year to an annual drop of rate of between just 7-9 per cent. The retention figure is also positive: 90 per cent of apprentices remain working within the council at the end of their studies.
34. The dedicated officer will design a clear internship scheme, work with senior managers across the council to obtain buy in and funding from the business area for each internship and support the interns during their time with the council. The expectation is that this post would allow the council to deliver 100 internships during the life span of the current council plan. This will sit alongside our existing apprenticeship targets, and the post would also facilitate new work experience and returnship programmes, in line with the Mayor's Good Work Standard, which will be developed as part of the workforce strategy refresh.
35. The internships would be tailored to meet the service needs and to provide a range of opportunities, some being more general career pathways and others being either more professional internships, e.g. in social care, planning, or building surveyors. We can also target young local residents through promoting the scheme to young people who are not in education, employment or training, Southwark School leavers and working with local universities. For current students, internships are likely to last between 6-12 weeks as they will take place over the summer period. For those who have left school / college or have graduated from university, there may be the opportunity for longer internships, up to 12 months, but this will depend on the needs of teams across the council. There may also be opportunities for longer internships in the form of industrial placements as part of a degree course. Internships will be available to non-graduates as well as graduates, though specific requirements will be determined based on the role and projects being recruited to.
36. The three schemes in combination will ensure that young people are able to access paid internships opportunities at a range of points within their educational journey. It is important that internships are offered to young people who have yet to go or do not intend to go to university so that they are not the preserve of graduates. It is anticipated that at least 50 per cent of internships supported will be for non-graduates, offering greater accessibility and bucking the general trend.
37. The following table shows the anticipated delivery outputs over the council plan period:

Internships delivered by year					
Programme	2018/19	2019/20	2020/21	2021/22*	Estimated total
Schools	23	60	65	65	213
Graduates	0	40	50	50	140
Council	0	0	50	50	100
Other**	15	12	12	12	51
Total	38	112	177	177	504

*given the nature of internship schemes, with many placements delivered over the summer period, the total number of internships includes those to be delivered in summer 2022.

** Other – includes paid internships delivered via Young/Old Vic, the Education Business Alliance and emerging partnerships.

Supported internships

38. Supported internships are structured study programmes intended to enable young people with learning difficulties and/or disabilities to achieve sustainable, paid employment by equipping them with the skills they need for work through learning in the workplace. These type of internships normally last for a year and include unpaid work placements of at least six months. As these are not paid they do not fall within the council plan commitment.
39. Given their clear benefits and linkage to the wider ambition of the commitment, we will nonetheless continue to explore how best to deliver supported internships to meet the specific needs of this population. We will also monitor delivery as part of the wider internship programme.

Policy implications

40. The delivery of the paid internship programme set out in this report aims to meet the specific commitment within the Council Plan 2018-22 to *make sure that 500 young people from low income backgrounds get paid internships with London's best employers*. Progress will be reported as part of the outcomes report on making Southwark a full employment borough, planned for March 2020 and annually thereafter.
41. The council's Economic Wellbeing Strategy (2017-22) sets out the ambition to offer residents a comprehensive support offer that supports their transition into employment. This internship programme will form part of that support offer and provide a valuable pathway for young people into the world of work.
42. In delivering Southwark's Skills Strategy (2018-22) we are engaging with employers to provide more employment opportunities for local people and increase access to high quality careers. Paid internships contribute to this ambition by developing local talent, widening access to high quality opportunities, whilst helping employers to meet their skills needs.
43. The internship programme forms part of the refreshed Workforce Strategy which contains further detail on the council's in-house internship scheme.

Community impact statement

44. As set out under the Equality Act 2010 and the Public Sector Equality duty (PSED) an equalities impact assessment was carried out during the development

of the strategy. (Appendix 1)

45. The delivery strategy aims to improve the social mobility of young residents (aged 16-24) from low income backgrounds by supporting them into paid internships which will develop their employability skills and provide a platform for their future careers.
46. As the programme is implemented, project monitoring will follow the council's equalities monitoring guidance to ensure it captures key information about the young people who are being supported.
47. There are no anticipated detrimental impacts to any group or protected characteristic as outlined in the Equalities Act or the PSED.

Resource implications

48. Programme Management of the internship programme will be absorbed within existing resources in the Local Economy Team (LET).
49. The school and graduate schemes will be commissioned services following a procurement exercise. Subsequent contracts will be managed and monitored by LET.
50. The council scheme, to deliver an in-house internship programme, will require 1x FTE post for a fixed three-year period. This post will be managed within the Council's HR service.

Financial implications

51. Delivery of the paid internship programme requires a budget of £150,000 per year, which will be drawn from Youth Fund allocation. The breakdown of these costs will be split between the three schemes broadly as show below:

Programme	2018-19	2019-20	2020-21	2021-22	Total
Schools	0	£50k	£50k	£50k	£150k
Graduates	0	£50k	£50k	£50k	£150k
Council	0	£50k	£50k	£50k	£150k
Total	0	£150k	£150k	£150k	£450k

52. The £50,000 per annum cost of the council scheme relates to the 1x FTE post referred to in paragraph 50.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

53. This report seeks the cabinet's approval to agree the proposed Paid Internship Programme. The proposed programme is consistent with the Council's Plan for the period 2018-2022 which sets out the council's specific commitment to *make sure that 500 young people from low income backgrounds get paid internships with London's best employers*. This report further seeks the cabinet approval to agree the delegation of the decision making (in respect of the various elements of the programme highlighted in paragraphs 25-39) to the cabinet member for jobs,

business and innovation.

54. The cabinet's attention is drawn to the Public Sector Equality Duty (PSED) under the Equality Act 2010, and when making decisions to have regard to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct, and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The relevant characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The duty also applies to marriage and civil partnership but only in relation to the elimination of discrimination. Paragraph 44 of this report advises that a documented equality impact analysis has been carried out as part of the requirement to have due regard to the (PSED) General Duty in these recommendations. Cabinet must read the documented equality analysis (see background documents) and should satisfy itself that the PSED General Duty has been complied with when considering these recommendations.
55. Any procurement arising from the delivery of the programme must be in accordance with the council's Contract Standing Orders and the procurement rules. Any resultant services contracts must be in a form approved by the director of law and democracy.

Strategic Director of Finance and Governance

56. This report is requesting cabinet to approve the Paid Internship Programme, as set out in this report.
57. This report is also requesting cabinet to delegate decision making in regards the various elements of the programme to the cabinet member for jobs, business and innovation.
58. The strategic director of finance and governance notes that there are no immediate financial implications arising from this report and the cost of the implementation of the recommendations will be funded by the Youth Fund Allocation.
59. Staffing and any other costs connected with this report are to be contained within existing business unit revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	Equality Analysis Report, June 2019

AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Jobs, Business and Innovation	
Lead Officer	Stephen Gaskell, Head of Chief Executive's Office	
Report Author	Matthew Little, Principal Strategy Officer	
Version	Final	
Dated	4 July 2019	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	4 July 2019	