



Using the apprenticeship levy in England

Follow up to the survey report



Background

Since 1 April 2017, all employers in the UK have had to pay the apprenticeship levy of 0.5% of their pay bill (less an allowance of £15,000) through the PAYE system. In England, the levy can be recouped through a digital account managed by the Department for Education (DfE) which is used to fund the costs of training eligible apprentices. Funds in the digital account need to be used within 2 years.

We are aware that a few NHS bodies have successfully accessed all the funds that they have contributed to their digital account plus the 10% top-up provided by the Government. However, for the majority of NHS bodies the levy is currently an additional cost pressure.

In November 2017, the HFMA ran a survey to understand how much of the levy is being accessed through the digital account and what it is being used for. During January 2018, we followed up our survey with phone interviews with some respondents. There is no one, single 'right' way to accessing the levy but there is emerging good practice lessons that can be learned.

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Lessons learned

It is clear that there is no single approach to using the levy. Generally, there is disappointment that the levy has not been able to be used to its full extent so it is, at the moment, a cost pressure.

However, our conversations have identified some common themes.

It is a cost and an opportunity

- payment of the levy is not optional, so NHS bodies are very keen to take action to recover as much as possible through the digital account
- 2017/18 has, as expected, been a learning period for employers, providers of training and the government departments administering the system
- as a result, the year has been spent researching and understanding the new system then planning and discussing what is needed to maximise the use of the levy whilst meeting staff recruitment and development plans. Despite this, in most cases, the number of apprenticeships running in NHS bodies is not as high as had been hoped for at the start of the year. It is expected to rise next year and onwards as the new arrangements bed in
- using the levy needs to be a fully integrated part of staff planning and development and the introduction of the levy has been taken, by some, as an opportunity to review the training needs of the NHS body
- there needs to be a change of mindset for all managers as a result of the new arrangements. When recruiting or considering new posts they need to consider whether an apprenticeship could be used to meet training needs
- for all of the people we spoke to, their involvement with using the levy and managing apprentices has been added into their job and, in most cases, they have taken the lead because they took an interest. We identified only one NHS provider who had taken on a staff member specifically to work on apprenticeships

The new arrangements are not yet fully developed

- the full range of apprenticeships that NHS bodies would like to use is not yet in place. This is particularly the case for nursing and other clinical placements
- as a result, currently, the levy is being used more for non-clinical training than clinical
- NHS bodies employ a wide range of staff with different training needs which means no one single training provider (whether in-house or external) will meet all of the training needs of the NHS body
- the fact that NHS bodies employ staff with such varied training needs means that there are lots of opportunities to use the levy, but the flip side of this is that maximising the use of the levy is a complex task which takes a high level of management time
- training programmes are still being developed so it is important that NHS bodies keep monitoring the market for what is available

All departments need to be involved

- procuring and contracting for apprenticeships has been more time consuming than expected. Framework contracts have been used but need to be tailored for local use. The procurement criteria for training courses have to be carefully established to ensure that the most appropriate training providers are selected
- staff from training/ learning and development, procurement and finance departments need to be involved in the management of apprenticeships and the levy to ensure that training is being appropriately provided and to manage the digital account

- the digital account is not very user friendly at the moment. It needs to be kept under review and, currently, NHS bodies are using spreadsheets to keep their own records to reconcile to the account. At the moment, this is manageable because there is relatively low usage but could become a bigger problem as the use of the levy increases.

Apprenticeships

Our survey found that the levy is being used for a wide range of apprenticeships. The most common apprenticeship mentioned in our calls was that for business administration.

Many people said that the use of apprenticeships has to be part of each NHS body's wider recruitment and training strategy/ plan. Clearly, NHS bodies want to recover the money that they have had to pay over in the levy but use of apprenticeships needs to fit into the wider training and staff development strategy of the NHS body.

The introduction of the apprenticeship levy has been taken as an opportunity by some NHS bodies to undertake a training needs analysis – looking at the NHS body's training needs and cross referencing it to the apprenticeship courses available. This allows the NHS body to take the 'easy wins' and use apprenticeships immediately where they are available – this is particularly the case in relation to administration, business and IT roles. Where gaps have been identified the analysis forms the starting point for discussions with training providers.

Apprenticeships are seen as an opportunity to up-skill staff and fill areas where there are staff shortages.

NHS bodies are also seeing apprenticeships as an opportunity to review whether some roles could be changed to give staff members the opportunity to get a qualification via an apprenticeship.

Clinical roles

There is general frustration at the lack of availability of apprentice nursing and other clinical courses. This is seen as a key requirement for NHS bodies and most respondents are actively looking at this area.

The apprenticeship route is being used for some clinical roles – often those at lower grades, such as healthcare assistants and ambulance technicians.

The finance team

Many finance departments are looking to use apprenticeships as a route to formal accountancy qualification, but the scheme is only becoming available now. A frustration is that part qualified staff cannot switch to an apprenticeship route, so some NHS bodies are holding off enrolling staff on courses until the apprenticeship route is available.

Some finance departments are taking on apprentices at more junior levels as well. This is working as a recruitment and retention tool for junior staff who will benefit from a qualification at the end of the contract.

Other non-clinical roles

The most commonly mentioned apprenticeship was in business administration. Other non-clinical apprenticeships in more specialist areas are being used but these tend to be small numbers.

Working together

In some areas, for example, Lincolnshire and London, the NHS bodies are working together to access apprenticeships. They are using common contracting arrangements with training providers and are sharing knowledge about the apprenticeship schemes that are available.

In Lincolnshire, there is a county wide talent pool/ talent academy that works with local training providers.

www.lincstalentacademy.org.uk/apprenticeships/

They held a one-day event at Lincoln University for potential apprentices where all of the NHS bodies had stands.

NHS Employers have been very useful to some organisations in bringing in the experts to provide guidance. This briefing includes a list of useful links in an appendix – while not exhaustive, it does demonstrate the quantity of guidance available.

Accessing the digital account

The digital account can be accessed in two different ways – by contracting with third party, approved providers of training or by providing approved training in-house. Both approaches have been adopted by NHS bodies with some using both together.

Becoming a training provider

Where NHS bodies have been running their own training courses internally then they have been able to apply to become approved apprenticeship training providers. This is only possible where the training courses meet the criteria for an apprenticeship – the apprenticeship levy will not replace the need for NHS bodies to invest in training and provide shorter, targeted training courses on an on-going basis. In some cases, the transition to providing apprenticeship training has been relatively straightforward.

East Midlands Ambulance Trust has converted its existing ambulance technician course to an ambulance technician apprenticeship. As technicians are being trained, the Trust is paid £15,000 per apprentice from the digital account for providing that training.

For the Trust, the process of converting its existing course into an apprenticeship was relatively straightforward although not particularly quick or without any difficulties. The fact that the Trust was part of a pilot scheme before the levy came into force helped ease the transition from a training package to an apprenticeship.

The existing course mapped to the apprenticeship requirements fairly well although some changes to the way that the course was delivered had to be made.

Using third party providers

Availability of courses

NHS bodies are using a wide range of training providers – local colleges and universities as well as commercial providers. Some NHS bodies are frustrated that local colleges and universities are not providing the range of apprenticeship courses that they would like and there is a limit to the distances staff are prepared to travel.

Many NHS bodies have found that training providers, particularly national/ commercial providers, are willing to come to them and run courses on the NHS site. This is popular with apprentices as it reduces their travelling time and it is popular with NHS bodies as it resolves the problem of local availability of courses.

As the levy is relatively new, this is an area of expansion and development for training providers. It is important to continually monitor the apprenticeships available as many are only now becoming available and the provision is likely to change over time.

Procurement and contracting

Procurement of apprenticeship courses has taken a lot of time this year. Most people have used framework contracts. Some NHS bodies have call off contracts with training providers which gives them flexibility to use any of the apprenticeship training that the provider offers, others have contracted on a course by course basis.

The time taken to put contracts in place has been much longer than expected. Support from procurement colleagues has been vital. While many NHS bodies have used framework contracts that are widely available or have been developed for a particular geographical area, the detail has had to be reviewed and tailored to meet each NHS body's needs.

Some NHS bodies have let one-year or short term contracts to allow them to review the arrangements relatively soon. 2017/18 has also been a learning curve for training providers as they are developing new courses and understanding how the digital account works. Shorter contracts allow both parties to review progress.

NHS bodies have had to put the time and effort into procurement and contracting to ensure that they are getting best value. Whilst it seems logical to look for local training courses, it is worth looking at national providers as they are prepared to travel or arrange training locally.

When tendering it is key to ask questions about the quality of courses and to develop questions that are appropriate to the training courses that are being purchased NHS body. The quality criteria for training courses need to be carefully established to ensure that like is being compared to like. Many people we spoke to emphasised that procuring training courses is very different to any other type of procurement they have been involved with.

Even when a framework contract is in place, each arrangement needs to be reviewed in detail. One respondent told us that they nearly signed a contract which would have resulted in them paying more than the funding band¹ for that particular course. The funding band sets the maximum that will be paid from the digital account for each apprenticeship standard – any cost over the maximum has to be funded by the employer so this would be an additional, and unexpected, cost. Some respondents noted that the cost of some courses has now been increased to the maximum funding band.

Other issues

Managing apprenticeships

For most NHS bodies, the use of apprenticeships is being managed through the learning and developing department. Clearly, the size and capacity of these departments varies NHS body by NHS body.

There does need to be a wider understanding of the new arrangements by managers throughout all NHS bodies. They need to consider apprenticeships as a possibility as they are recruiting staff or working on staff plans.

Managing apprenticeships and co-ordinating them with the training and development needs of the NHS body is time consuming. As this is a new scheme there has been a steep learning curve in 2017/18 not helped by the fact that central arrangements at the DfE have been developing during the year too. Only one of the NHS bodies that we spoke to had appointed new staff specifically to manage apprenticeships – most of the people that we spoke to had taken on the role in addition to their existing duties. Most of them had volunteered to look at the new arrangements as they saw them as an opportunity but there is a risk that other training needs may be overlooked as apprenticeships are seen as the only option.

There is a general expectation that as the new arrangements develop, the amount of time needed to set up new schemes and manage them will decline. However, it is also recognised that as the

¹ <https://www.gov.uk/government/publications/apprenticeship-funding-bands>

numbers of apprentices increase the amount of time needed to manage them and facilitate the training (whether internally or externally) will increase.

Managing the digital account

Many respondents stressed the need to actively manage the digital account – currently feedback is that it is difficult to access and, once accessed, to manipulate/ download information. Respondents stated that they are reconciling the digital account with their expected trainees on an individual by individual basis. Generally, the tools in the digital account are considered to be unhelpful at the moment but there is an expectation that they will improve. There is a mechanism feedback to the DfE in the digital account which some NHS bodies are using.

Because of the difficulties with the account, NHS bodies are keeping spreadsheets to double check against the account which is administratively burdensome.

There is a concern that NHS bodies may overspend on their account and incur costs they have not budgeted for. This is not particularly a worry for 2017/18 as so few NHS bodies are using their account fully but from year 2 onwards it is expected to be an issue. Training departments need to work with finance colleagues to ensure that they do not overcommit to apprenticeships and spend more than is in the account (unless, of course, there is a budget for it). This is particularly an issue where a staff member is starting on a longer apprenticeship (for instance a 4 year professional qualification). It will be vital to be able to forecast how much of the account will be used year on year and, in particular, how much of the account can be carried forward and used in the following year.

Where NHS bodies are not training providers, finance departments will also need to get the right information out of the digital account to allow the notional income and expenditure to be appropriately journaled into the accounts and provide audit evidence.

Understanding the financial impact of the levy and apprentices

There is concern that the financial impact of the levy is not fully understood – some NHS bodies are viewing the digital account as additional funding rather than something that has already been paid. Some NHS bodies have seen a move to cut existing training budgets as a result. The financial flow and the cost of the levy need to be properly included in budgets so that training needs continue to be met.

The apprenticeship levy and digital account cannot be used to pay for all training, for instance – it cannot be used to fund shorter, often internally provided courses. This is especially the case where those courses are mandatory.

Where the NHS body is a provider of training then the costs of providing that training need to be understood to ensure that the income from the digital account is covering the costs.

Some respondents noted that some externally provided courses are now more expensive – the course hasn't changed but the amount it costs has gone up to the capped amount for that type of course. As NHS bodies are not yet using all of their digital account this is not a particular concern at the moment, however, if the digital account is fully utilised then it will be a frustration that the account will not go as far as it once might have done.

Useful links

Department for Education *Apprenticeship funding: how it works*

<https://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work>

Health Education England *Guidance on apprenticeships in the NHS*

<https://hee.nhs.uk/our-work/apprenticeships>

DHSC *Nursing degree apprenticeship: factsheet*

<https://www.gov.uk/government/publications/nursing-degree-apprenticeships-factsheet/nursing-degree-apprenticeship-factsheet>

Health Education England blog *The role of apprentices in meeting our future healthcare need*

<https://hee.nhs.uk/news-blogs-events/blogs/role-apprentices-meeting-our-future-healthcare-need>

Health Education England and the Education and Skills Funding Agency *The apprenticeship levy survey: NHS trusts*

<http://employers.bpp.com/insights/Apprenticeship-Levy-Study-NHS-Trusts/index.html>

Skills for Health *Healthcare apprenticeships standards online*

<https://haso.skillsforhealth.org.uk/>

NHS Employers *Using the apprenticeship levy*

<http://www.nhsemployers.org/news/2018/03/using-the-apprenticeship-levy>

NHS Employers *NHS apprenticeships*

<http://www.nhsemployers.org/your-workforce/recruit/employer-led-recruitment/apprenticeships>

NHS Employers *Apprenticeship case studies and resources*

<http://www.nhsemployers.org/your-workforce/recruit/employer-led-recruitment/apprenticeships/case-study-library>

Health Careers *Apprenticeships, traineeships and cadet schemes*

<https://www.healthcareers.nhs.uk/career-planning/study-and-training/apprenticeships-traineeships-and-cadet-schemes>

Education and Skills Funding Agency *Training provider agreement*

<https://www.gov.uk/government/publications/apprenticeship-funding-legal-agreement-for-training-providers>

Example framework contracts

NHS Shared Business Services

<https://www.sbs.nhs.uk/ica-apprenticeship-training-services>

Crown Commercial Service

<https://ccs-agreements.cabinetoffice.gov.uk/contracts/rm3823>

NHS Employers

<http://www.nhsemployers.org/your-workforce/recruit/employer-led-recruitment/apprenticeships/apprenticeship-policy/apprenticeships-procurement>

North of England Commercial Procurement Collaborative

www.noecpc.nhs.uk/contracts/apprenticeships-dynamic-purchasing-system-dps