







Trust Board Report

Meeting Date:	25 th July 2016
Title:	Apprenticeship Levy
Executive Summary:	This report provides a briefing on the Apprenticeship Levy, together with consideration of required actions and next steps. The Apprenticeship Levy is set by the Government and comes into force from 6 th April 2017.
Action Requested:	
Report of:	Linda Holland, Interim Director of HR and OD
Author: Contact Details:	Daniela Locke Tel 01902 695438 Email d.locke@nhs.net
Links to Trust Strategic Objectives	Attract, retain and develop our staff and improve employee engagement
Resource Implications:	Revenue: Capital: Workforce: Funding Source: Financial impact of levy of £1.4m (0.5% of pay bill).
Equality and Diversity Assessment	No impact identified.
Risks: BAF/ TRR (describe risk and current risk score)	
Public or Private: (with reasons if private)	Public
References: (eg from/to other committees)	
Appendices/ References/ Background Reading	NHS Employers Factsheet – copy attached
NHS Constitution: (How it impacts on any decision-making)	In determining this matter, the Board should have regard to the Core principles contained in the Constitution of: <ul style="list-style-type: none">  Equality of treatment and access to services  High standards of excellence and professionalism  Service user preferences  Cross community working  Best Value  Accountability through local influence and scrutiny

Background Details	
1	<p>Background</p> <p>From April 2017, the way the government funds apprenticeships in England will change. The government has made a commitment to employ 3 million apprentices by 2020. This is applicable across all industries including Health and Social Care.</p> <p>All large employers (i.e. employers with a pay bill of £3m or more), such as ourselves, will be required to contribute to a new apprenticeship levy.</p> <p>The apprenticeship policy changes will have financial and reporting implications for NHS organisations across England.</p>
2	<p>The Apprenticeship Levy - Key Points</p> <ul style="list-style-type: none"> • Employers with a pay bill in excess of £3 million will pay the levy, charged at rate of 0.5 per cent of the entire pay bill. For the Trust this equates to £ 1.4m per annum. • The apprenticeship target for all public sector organisations is 2.3% of headcount; this is expected to come into force effective 1st September 2016. • All employers will receive an allowance of £15,000 in each tax year to offset against the levy, from April 2017. • The method for claiming back on the levy will be through drawing down of funds for the purposes of covering or subsidising the training costs of apprenticeships. The money cannot be used to cover salary support. <p>The enclosed factsheet from NHS Employers provides more information on how the levy is paid and how funds can be accessed.</p> <p>Types of Apprenticeships</p> <p>There are more than 250 different types of apprenticeships across the economy as a whole, with many of them relevant to the NHS, such as administration, HR, ICT, and engineering. There are also a growing number of healthcare specific apprenticeships, which add real value to the development of the support workforce. Apprenticeships can be undertaken by either new employees or by existing staff moving into a different role within an organisation that requires a new skill set. Anyone who is a resident in the UK, over 16, and not in full-time education can apply for an apprenticeship. There are three levels of apprenticeships available, depending on the pre-existing qualification levels of the candidate:</p> <ul style="list-style-type: none"> • Intermediate level apprenticeships (equivalent to five GCSEs grades A*- C) • Advanced level apprenticeships (equivalent to two A-level passes) • Higher level apprenticeships (equivalent to a foundation, bachelor or masters degree) <p>Higher apprenticeships specifically are a fairly recent addition to the various apprenticeships on offer. They have been designed to be developed by employers for employers to help organisations grow their future talent. They offer a new work-based route into professions which have typically been the preserve of graduates. (see appendix 1 for high level presentation of delivery of apprenticeships).</p>

Implications for the Trust

The Trust already operates an Apprenticeship scheme and we currently have ten apprentices across the organisation in healthcare support worker roles. However, there is an immediate need for the Trust to embark on a programme of work in order to recruit the required number of apprenticeships in order for the organisation to meet the target and on an annual basis.

The initial target for the Trust is 93 apprenticeship starts from September 2016 to March 2017, rising to 185 starts from April 2017. This is based on 2.3% of the Trust headcount and we will be expected to report annually on progress towards meeting this target.

It is timely at this stage to ensure that plans for recruiting apprentices across the organisation are incorporated in the Trust's workforce development five year plan. This also has a clear link to the People and OD and Recruitment and Retention strategies, to include talent pipeline development via the Apprenticeship route.

The proposed nursing associate role and the removal of bursaries for nursing and allied healthcare professional students could lead to the development of alternative routes for those wishing to pursue a career in nursing, midwifery and other allied health professions. This is an area being developed between the Work Based Learning team and the Head of Nursing Workforce.

There are clear benefits associated to employing apprentices such as helping to growing our own workforce, creating clearly identifiable career paths, demonstrating the organisation as a socially responsible employer contributing to opening up job opportunities within the local economy. It is worth noting that Wolverhampton has the fifth highest Job Seeker Allowance claim rate of 4%, of all 326 English local authorities and is significantly higher compared to the West Midlands and particularly compared to the local Black Country average. The Wolverhampton youth unemployment rate (based on age 18-64) is also the fifth highest across England at 5.9%.

Through the use of apprenticeship frameworks, the HR and the Work Based Learning teams wish to work with areas which are traditionally difficult to recruit to or have limited training available to them e.g. Healthcare Scientists, Physiologists, Nursing and Midwifery etc and develop a talent pipeline to plug this gap. In addition, the team will be looking to work with administration and corporate support areas to create further opportunities.

An Apprenticeship Working Group has been established and this is expanding to include the Nursing roles as well as Healthcare Science workforce. (see appendix 2 for a copy of the group project plan).

Next Steps / Actions

Principles for Role identification

It is proposed to automatically mark all vacancies at Bands 1 to 3 for apprenticeship placements. This would be managed via the VCP process to allow for appropriate tracking and external reporting purposes each year and the Apprenticeship Working Group would be the co-ordinating committee. The details for this, including consideration for exclusion areas (e.g. access to clinical areas for under 18 years of age) and impact through saturation of areas are being worked through and will require engagement of the services. (see appendix 3)

Recruitment process

Recruitment of apprentices will be undertaken via the Black Country NHS Apprenticeship Academy. This is an organisation of seven Black Country Trusts (of which RWT is a

member) which will manage the initial stages of recruitment on our behalf e.g. advertising and first sift of candidates. The Black Country NHS Apprenticeship Academy is also our provider for the education element of the apprenticeship. This is an NHS organisation that has recently been developed to project manage the introduction of apprentices into the NHS across the West Midlands. It is governed by each member Trust and Health Education England – West Midlands. (see appendix 3)

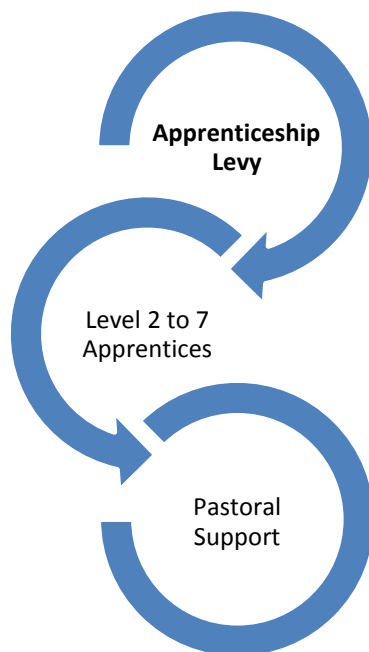
Marketing and Communication Plan

A marketing brochure has been developed (copy attached), which can be used to provide valuable information to recruiting managers and prospective employees. The branding of the brochure will be refreshed in line with the agreed Trust branding approach. The brochure has been seen by our existing cohort of apprentices and their feedback, together with a wider audience has been taken into consideration during the development of the brochure.

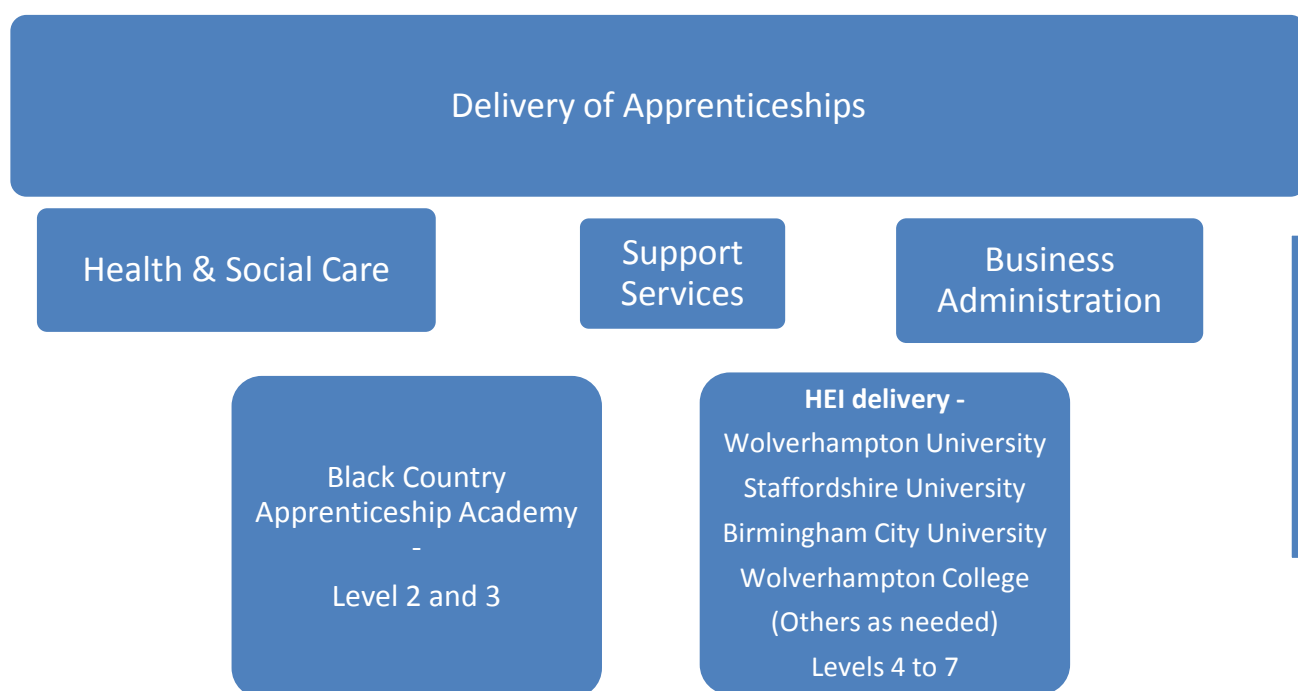
Current communication with recruiting managers is on an as and when basis. The Apprenticeship Levy and the impact of it has also been discussed at the various Faculty meetings that form the Education Academy. Senior Managers Brief, All Users Bulletin, Screen Savers are also on the communication plan.

The Work Based Learning team are also intending to reach out to schools, colleges, Connexions, Job Centre Plus, etc on an on-going basis to further build relationships across the city and put RWT at the forefront of career advice when students are considering their future. HealthTec will also be on hand to attend job fairs, career events, open days and taster sessions and the pre-apprenticeship week.

Dedicated email and facebook/twitter feeds are available and trust web pages are under development which will contain a recruitment video, links to current apprenticeships and other relevant information.



N.B. The Levy does not provide funding for salary or backfill costs.



Apprenticeship recruitment guide - process for managers

- Department identifies an apprenticeship **vacancy** placement
- Department completes the **E-Vacancy Approval Process**. Vacancy control pro-forma (VCP) must be signed off
- **Apprenticeship training profile** and department profile must be submitted to the Work Based Learning Team to be processed.
Work Based Learning Team will work with Black Country Apprenticeship Academy (BCAA) to advertise the post and do a first sieve of applicants (for level 2 or 3 apprenticeships only)
- Department manager will be presented with a **short list of candidates to identify those** suitable for interview, informing the WBL apprenticeship team of the selected candidate's details.
- WBL Apprenticeship Team will notify BCAA of the details of the successful candidate. Department manager sends **conditional offer letter** to selected candidate on receipt of suitable references in order to complete the following:
 - Occupational Health Check
 - ESR New Starter Form
 - DBS Checks
 - 2 x references
- Department manager to send **final offer letter** on receipt of completion of the above checks and pre-employment checks
- Department manager books apprentice onto **Trust induction**
- IT request for apprentice **computer login** details is undertaken by recruiting manager
- Apprentice is employed on a training contract which is available from WBL Apprenticeship Team
- Within 2 weeks of appointment, the apprentice will meet their assessor and a member of the WBL team for their induction to their training programme

Please note: Managers should be available to follow this process through from beginning to end and take part in all of the stages of the recruitment process to ensure the best candidate is offered an apprenticeship placement.

All apprentices are managed within the placement department in line with the Trust's Policies and Procedures.

Managers must inform the Work Based Learning Team if there is any attendance, performance or management issues with the apprentice that may affect their learning.

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FACTSHEET: THE APPRENTICESHIP LEVY HOW IT WILL WORK

From April 2017, the way the government funds apprenticeships in England will change. Large employers will be required to contribute to a new apprenticeship levy and funds to pay for apprenticeship training will be accessed through a digital account system.

This factsheet outlines key information about how this will work for employers in the NHS.

Paying the levy

- Employers with a pay bill in excess of £3 million will pay the levy from April 2017 charged at a rate of 0.5 per cent of the entire pay bill.
- Those with a pay bill of less than £3 million won't pay anything, but will still be able to access funds to pay for apprenticeship training.
- All employers will receive an allowance of £15,000 in each tax year, which means the levy will only be payable on the pay bill in excess of £3 million per annum.
- Your pay bill will be based on the total amount of earnings subject to Class 1 secondary national insurance contributions (NICs).
- Although earnings below the Class 1 secondary threshold are not counted when calculating an employer's NICs, they will be included for the purpose of calculating the amount of levy an employer needs to pay.
- Earnings include any remuneration, such as wages and pension contributions, that you pay NICs on. Other payments, such as benefits in kind will not be counted.
- All levy payments will be allowable for Corporation Tax.
- Employers will calculate, report and pay the levy through the PAYE process to HMRC.

Accessing the funds

- From January 2017, you will be able to register with the new digital apprenticeship service and create a digital account.
- Funds will enter your digital account on a monthly basis, and a 10 per cent top-up will be applied at the same time. This means for every £1 that enters your digital account, you can access £1.10 to spend on apprenticeship training.
- From April 2017, employers can use their digital account to choose a training provider and access funding to pay for apprenticeship training and assessments.
- Payments will work on a first-in, first-out basis, meaning they will be taken from the funds that enter the account first.

Paying for apprenticeship training and assessment

- Apprenticeships are usually delivered in partnership with a training provider or college under an apprenticeship standard or framework.
- The apprenticeship standards and frameworks will be placed within funding bands which will set the maximum funding that can be used.
- Employers will negotiate and agree a price to cover the cost of training, and the end of apprenticeship assessment.
- Only approved training providers and assessment organisations can be used.
- Training providers will be paid monthly with payments taken from your digital account.
- Employers will use the funds in their digital account to pay for training up to the maximum amount allowed in a funding band. If the agreed price exceeds this, they will have to pay the difference.

Q&As

What can the funds be used for?

Funds in your digital account can only be used to pay for apprenticeship training and the end point assessments. They cannot be used for other associated costs, for example, wages or travel costs.

Will the new funding arrangements affect apprentices that start before April 2017?

No, apprenticeships that started before April 2017 will be funded for their duration under existing arrangements. You will not be able to use the funds in your digital account to pay for these.

Do the funds in my account need to cover the entire cost of the training at the start of an apprenticeship?

No, as training providers will be paid monthly you just need to cover the monthly cost of each apprenticeship you have chosen.

Can I use my funds to pay for apprentices employed by apprenticeship training agencies (ATAs) or direct funds to another employer?

The government will be providing information on these models later in the year.

What if the funds in my account aren't enough to cover the full cost of the training and assessment I would like to buy?

Support will be offered to help meet the additional costs, up to the maximum amount of funding available for that apprenticeship. You will have to cover any extra cost, paid directly to the provider. This can be spread over the lifetime of the apprenticeship.

Will there be any additional funding for employing 16 to 18 year old apprentices, or young people with additional needs?

Payments to help meet these additional costs will be paid to you through the training provider.

What if the apprentice stops, or takes a break from their training?

You can use the digital apprenticeship service to stop or pause payments.

Can employers become a training provider and use funds in their digital account to pay for this?

The government recognises that employers can be extremely successful training providers and want to encourage this. Information about how to do this will be published later in the year.

Next steps

The government will release more details about how the levy will work throughout the year, including:

- **employer guidance from HMRC on how to calculate and pay the apprenticeship levy**
- **detailed funding rules including information about the funding bands**
- **information about how employers can become approved to deliver apprenticeship training.**

We will provide further guidance as updates are announced.