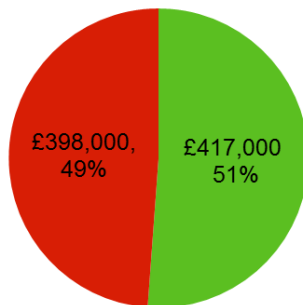


Report to:	Public Board of Directors	Agenda item:	13
Date of Meeting:	29 March 2017		
Title of Report:	Apprenticeship Levy		
Status:	For Discussion and Approval		
Board Sponsor:	Claire Buchanan, Director of Human Resources		
Author:	Angela Hayday, Associate Director of Organisational & People Development		
Appendices	Appendix 1: Illustration - how the levy could be utilised Appendix 2: Example career frameworks – management, finance, IT, HR, healthcare scientists, pharmacy		

1.	Executive Summary of the Report									
<p>This report highlights a change in government policy which has financial and reporting implications for the RUH. It outlines the context for the policy direction, the risks it presents for the RUH, progress made to date in response to the planned changes as well as opportunities and recommendations.</p>										
<ul style="list-style-type: none">Financial<p>The apprenticeship levy, payable from April 2017 will be charged at 0.5% of the total pay bill which means the RUH levy for 2017/18 will be circa £815k. If the levy was in place this year (206/17), the RUH would have utilised £417k based on actual investment (Appendix 1) leaving £398k unspent.</p><p>Figure 1: 2016/17 spend on apprenticeships if levy in place</p><table><tr><th>Category</th><th>Amount</th><th>Percentage</th></tr><tr><td>RUH Investment 2016/17</td><td>£417,000</td><td>51%</td></tr><tr><td>Not spent in 2016/17 if Levy was in place</td><td>£398,000</td><td>49%</td></tr></table>		Category	Amount	Percentage	RUH Investment 2016/17	£417,000	51%	Not spent in 2016/17 if Levy was in place	£398,000	49%
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RUH Investment 2016/17	£417,000	51%								
Not spent in 2016/17 if Levy was in place	£398,000	49%								
<p>Please note funding will expire 24 months after it appears in the employer's digital account unless spent on apprenticeship training.</p>										
<ul style="list-style-type: none">Reporting<p>The Enterprise Bill has set apprenticeship targets, which apply to public sector organisations. The annual target is the equivalent of 2.3% of the workforce signed up to an apprenticeship each year.</p>										

2. Recommendations (Note, Approve, Discuss)
For discussion and approval

3.	Legal / Regulatory Implications
	Not applicable
4.	Risk (Threats or opportunities, link to a risk on the Risk Register, Board Assurance Framework etc)
	Not applicable
5.	Resources Implications (Financial / staffing)
	Within existing budgets
6.	Equality and Diversity
	Not applicable
7.	References to previous reports
	Not applicable
8.	Freedom of Information
	Public

1. National context

A key aspect of current government policy is to increase productivity and improve the population's earning and employment prospects. This relies on a skilled workforce yet there has been a significant decline of investment in training by employers of up to 50% between 1997 and 2012. Government policy seeks to reverse this trend by increasing the number of apprentices to 3 million by 2020 and to raise the quality of apprenticeships.

The Enterprise bill will ensure that the public sector is a model employer, leading by example and employing a significant proportion of apprentices to develop a skilled workforce for the future. To help achieve these objectives, public bodies have been set a target of 2.3% of their total headcount to be employed as new apprenticeship starts each year.

The increase in apprentices will be funded via an apprenticeship levy, payable from April 2017 by all UK employers with a pay bill of over £3 million and will be charged at 0.5% of the total pay bill. This provides a financial incentive for levy paying organisations to recoup their costs by investing in apprentices.

The time it takes young people to find stable employment after leaving education has increased over the last three decades, as employers have become increasingly reluctant to hire and train young people. The problem is most pronounced for young people that do not go to university, and is exacerbated by the large number of low-level vocational courses that do not provide a platform for decent employment or further study¹.

Apprenticeships provide a structured transition from school to work. A key objective is to better involve employers in the design and delivery of apprenticeships, ensuring that the new standards better meet organisational needs and in doing so improve the quality of training available and their value in the labour market.

University participation has grown from less than 10% in the early 1970s to almost 50% today. This increase in skilled workers has outpaced the growth in high skilled jobs, and CIPD research has shown significant increases in the levels of over-qualification and under-utilisation of skills among graduates over the past two decades². Apprenticeships provide an alternative to an academic route into employment.

There will be a transition from apprenticeship frameworks to apprenticeship standards underpinned by a high quality skills education programmes aimed at those within an existing job as well as those new to the workforce. The design of qualification standards are employer-led so they deliver the skills, knowledge and behaviours that enable an employee to progress in their career, "real training, real jobs, and real careers".

¹ Independent Panel on Technical Education, 2016 (Wolf 2011)

² Where Next for Apprentices, CIPD Policy Report, August 2016

Author :Angela Hayday, Associate Director of Organisational & People Development	Date: 03 April 2017
Document Approved by: Claire Buchanan, Director of HR	Version: 1.0
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2. Risks

1. A failure to gain wide scale engagement and support for apprenticeships across the Trust will create an annual cost pressure of up to circa £815,000 per annum.
2. The pace and scale of the change to apprenticeship policy means that the RUH is unlikely to fully recoup its investment in the early years due to national and local constraints:

National constraints

- Timely availability of relevant standards, some standards are not developed or approved e.g. Nursing Associate, Pharmacy Assistant
- Immediate availability of both high quality and local training due to the scale and pace of change.

Local constraints

- No process in place which requires all vacancies to be advertised as an apprenticeship where appropriate.
- Proportion of time (20%) required to undertake training in order to complete the qualification standard (apprenticeship). This has implications for service delivery.

3. The prevailing mind-set could limit possibilities for utilising apprenticeships.

Current mindset:	New mindset:
The registered workforce progresses through an academic route.	The new skills fund (apprenticeship levy) offers a high quality educational pathway as an alternative to and as well as a traditional academic route.
Apprenticeships are for young people only.	The new skills fund can be used to fund training to increase the skills of the existing workforce as well as those joining the workforce regardless of age.
Apprenticeship funding is offered primarily to existing staff.	The new skills fund and qualification standards are a way of attracting new staff and retaining existing staff.
Apprentices are for those in junior / low paid posts.	The new skills fund and qualification standards can be accessed by all employees where a relevant qualification standard is available e.g. qualified nurses can access training which provides educational preparation for a more senior leadership post e.g. Management Qualification Standard, Clinical Management Standard. This provides an opportunity to identify and develop future leaders especially where there are recruitment issues e.g. ward sister).

4. The profile of our workforce means that unless the Trust is viewed as an attractive proposition for young people then we will struggle to replace the workforce eligible to retire in future years e.g. 26.7% of our current workforce is 55 or over (Jan 17).

3. Progress made to date

The RUH has a track record for meeting and exceeding government Apprenticeship targets as shown in Figure 3 below.

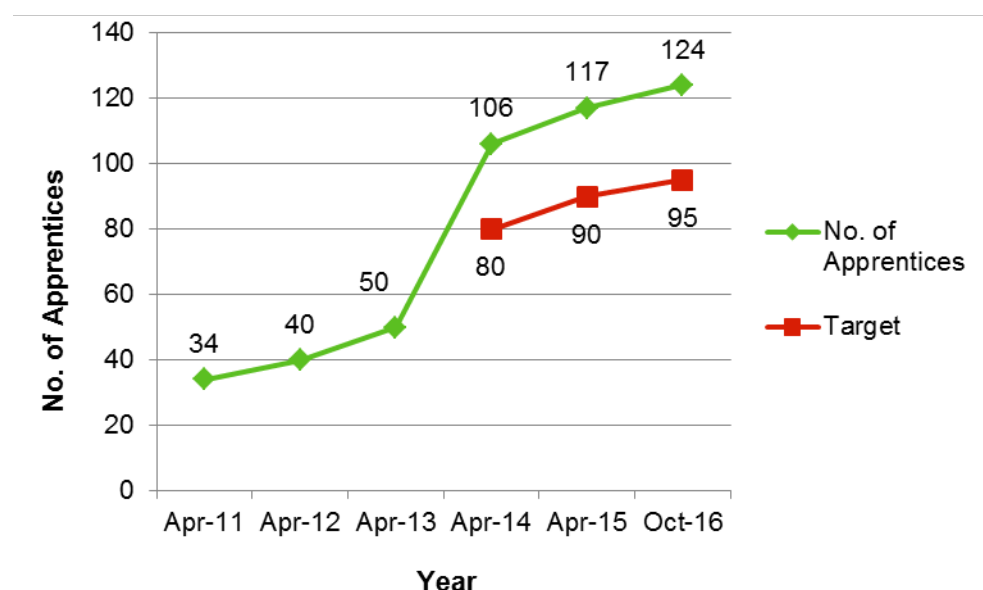


Figure 3: RUH Apprenticeships over previous 6 years

The RUH accessed Health Education England (HEE) funding from 2014 onwards which explains the significant increase in the number of apprentices. This was to support the implementation of two strategic frameworks developed by HEE, Widening Participation and Talent for Care and the targets set nationally to support implementation.

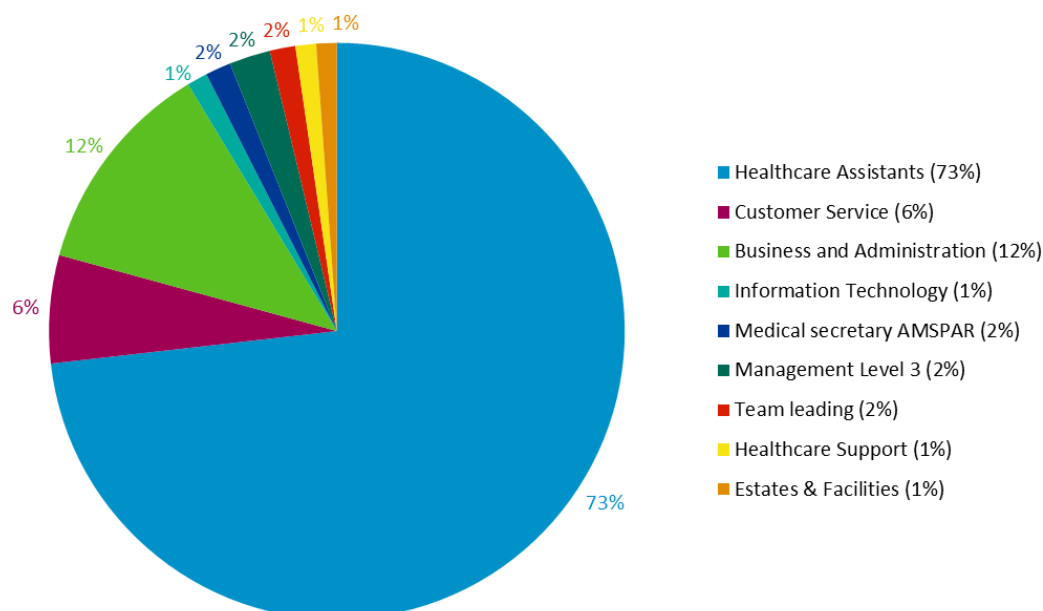
The Widening Participation manager has met with managers where there are known recruitment and retention issues to identify how the skills fund (levy) can help their workforce plans. The outcome of these discussions is outlined in sections 4 (Opportunities) and 5 (Recommendations).

4. Opportunities

The apprenticeship levy provides new opportunities for how we attract new staff including young people and retain the existing workforce:

4.1 Increase the number of existing Apprenticeships

Figure 4: The number of employees that have gained an apprenticeship whilst working in the RUH since Apr 2011 until Oct 2016 (5 ½ years)



4.2 Career progression for future and existing staff

Apprenticeships will enable non-registered staff to gain the skills to progress to a registered role e.g. Nursing Degree Apprenticeship (4 years). There are opportunities to replicate this model in other professional areas e.g. Pharmacy, Healthcare Scientists. **Appendix 3** outlines example career frameworks in management, finance, IT, HR, healthcare scientists, pharmacy

4.3 Nursing & Midwifery

The skills fund (levy) could support the RUH's Care and Compassion Always nursing strategy which identifies a need to develop new career frameworks for all staff. A visual representation of what is possible is provided in Figure 5 below.

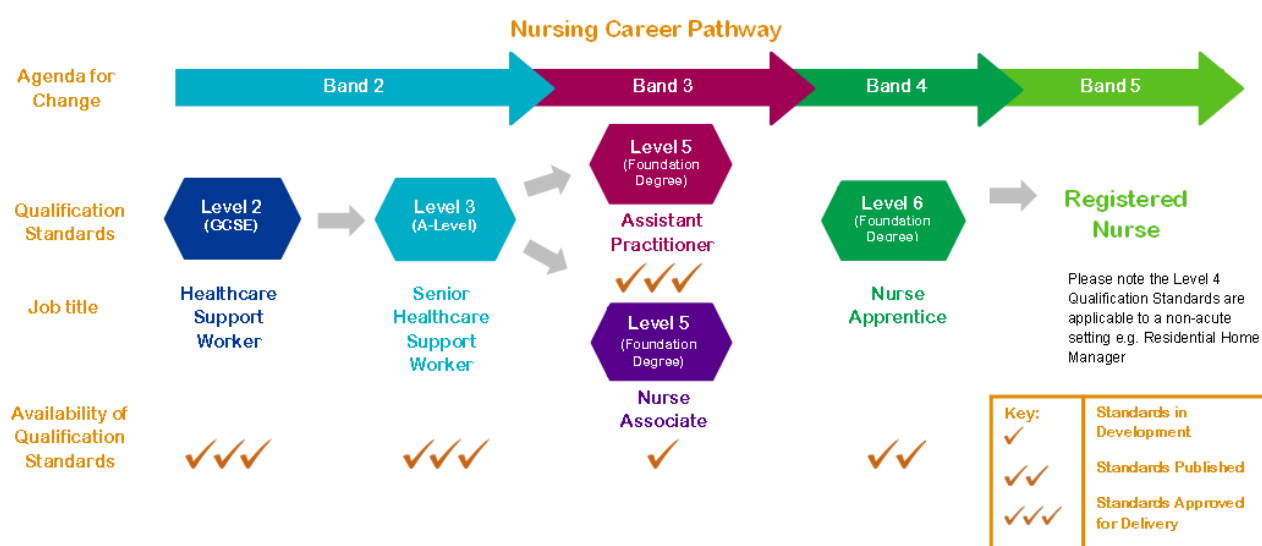
The RUH could follow other organisations by advertising all nursing support role vacancies with a condition that the post holder is expected to undertake a relevant qualification (apprenticeship) and will be provided with training to complete the qualification. However any decision to pursue this approach would need to take into account 20% of an apprentice's contracted hours must be protected for training.

The skills fund (levy) can be used to implement the new nursing associate role providing a level 5 qualification (equivalent to a foundation degree). This enables experienced HCA's to progress aiding retention. It demonstrates to those

considering a career at the RUH the career opportunities available which can help recruitment.

The removal of bursaries for nursing and allied healthcare professional students provides an opportunity to use the levy to 'grow our own' offering individuals further career progression from the foundation degree to a nursing degree using the level 6 Nursing degree apprenticeship.

Figure 5: Nursing Career Framework

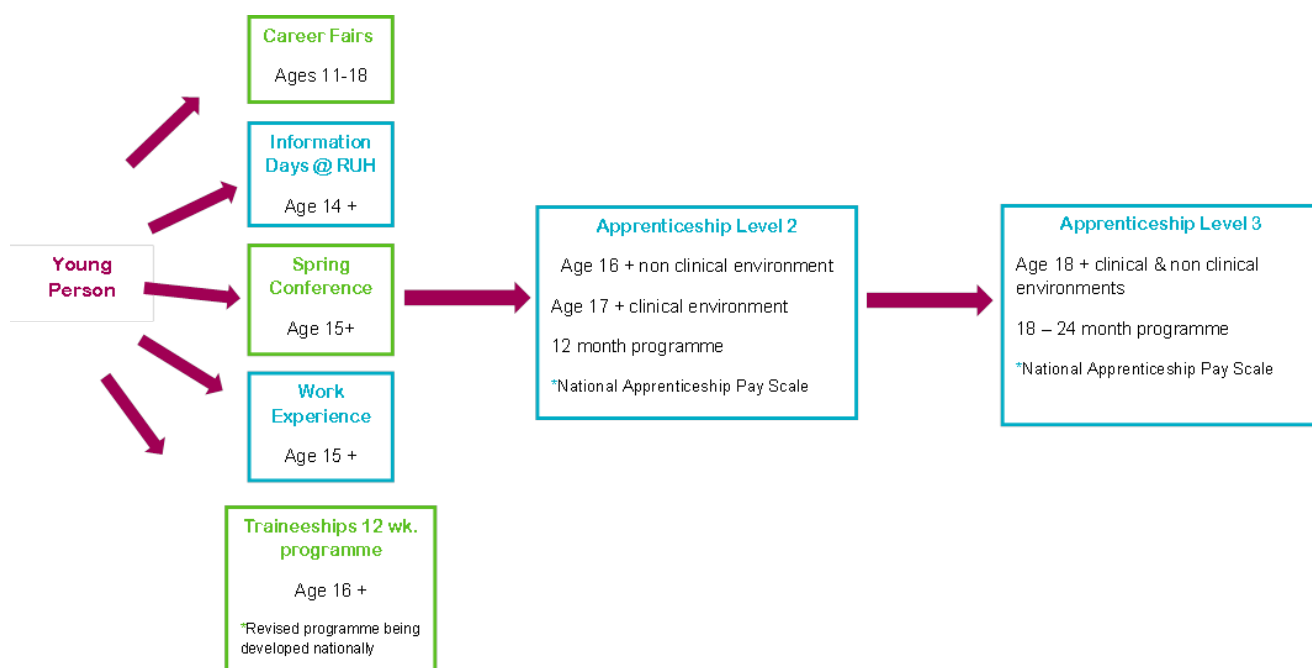


4.4 Young People

The levy offers an opportunity to increase the number of young people in the workforce by offering an opportunity to gain a qualification and career progression.

The skills fund (levy) can be used to encourage young people to pursue a career at the RUH. This could easily be aligned (**Figure 6**) to the activities already in place which help young people determine their interest (or not) in an NHS career.

Figure 6: How existing work with young people can be aligned to an apprenticeship



Once a young person has commenced an apprenticeship they would have opportunities to progress their career in their chosen area e.g. management, finance, IT, HR, nursing, healthcare scientists, pharmacy

4.5 Working across the STP

The Widening Participation Lead is a member of an STP Apprenticeship working group. This will enable the RUH to ensure its approach is aligned with its STP partners. In the future there may be opportunities to provide apprenticeship opportunities across organisational boundaries, influence the design of qualification standards to support STP wide new roles and to use the purchasing power of the STP to negotiate with local providers of education.

5. Recommendations

- Change the organisational discourse about what it means to be an apprentice and who can be an apprentice? Talk about the skills fund (not apprenticeship levy), talk about qualification standards (not vocational qualifications) and career progression routes (not apprentices).
- Increase the number and range of career pathways available at the RUH so the benefits of the new skills fund (apprenticeship levy) are realised.
- Define, with service leads, how the career pathway supports the achievement of workforce plans.
- Identify and promote career progression routes for new and existing staff clearly mapped against the relevant qualification standard (where they exist).

e.g. in areas such as management, finance, IT, HR, nursing, pharmacy, cardiology. Prioritise according to workforce plans.

- e) Identify roles and associated career progression routes which can be, but are not traditionally, undertaken by young people aged 16 – 24 using the qualification standards.
- f) Create an expectation that new and existing staff work towards a qualification standard (where they exist) and where the new entrant or existing member of staff does not already hold an equivalent qualification.
- g) Advertise all vacancies with an explicit expectation that the relevant qualification standard will be undertaken and with information about the associated training programme to be undertaken (where available & where appropriate). It is recommended that all nursing support vacancies are advertised in this way.
- h) Develop a communication plan to raise awareness of opportunities with service managers, the current workforce, new recruits and with local schools and colleges.

Conclusion

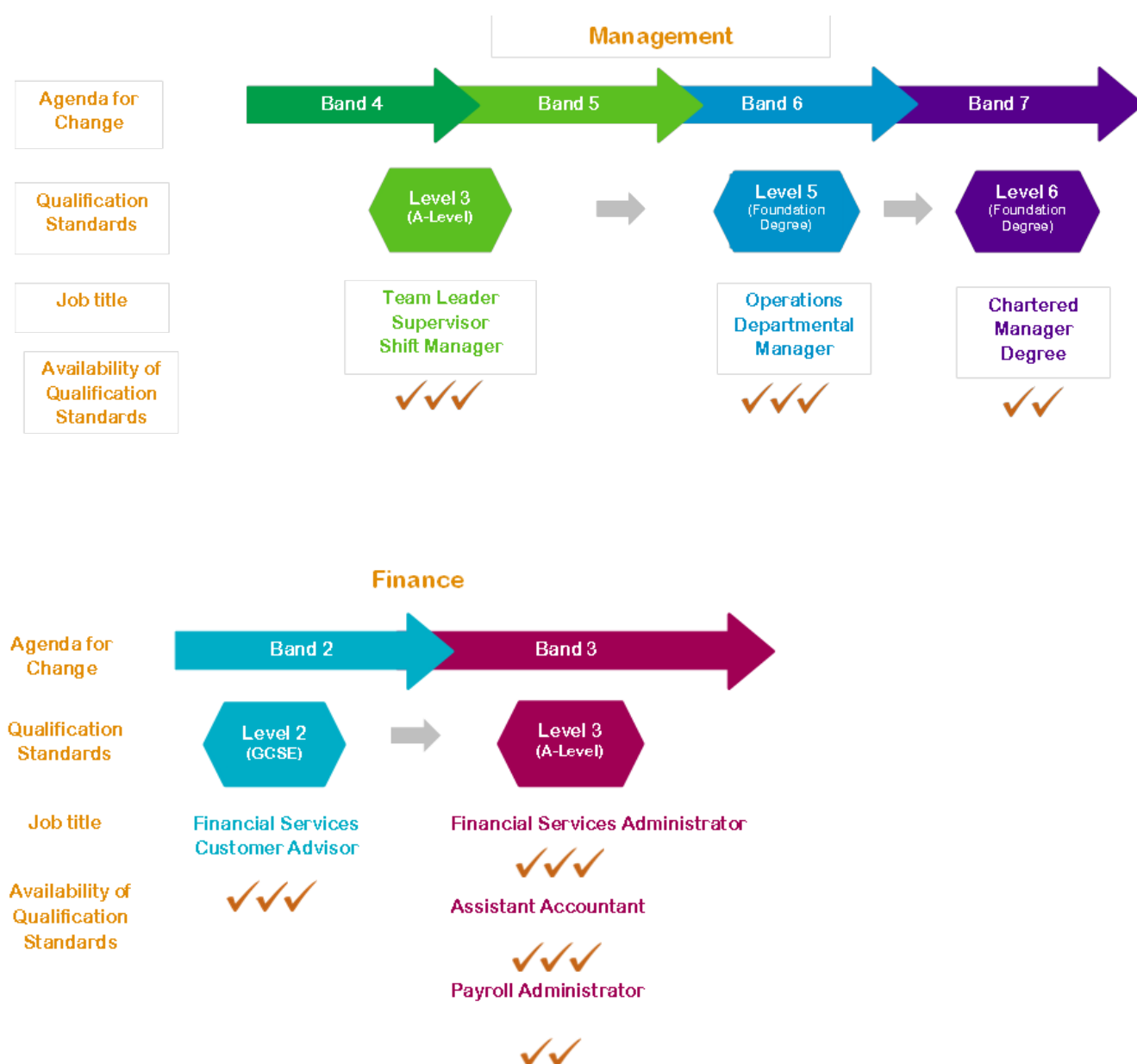
Maximising the opportunities to use the skills fund (levy) to support our workforce plans will enable the RUH to gain a return on its investment and at the same time address retention and recruitment issues.

Author :Angela Hayday, Associate Director of Organisational & People Development	Date: 03 April 2017
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Appendix 1: An Illustration of how the levy could be utilised in year 1, 2017/18

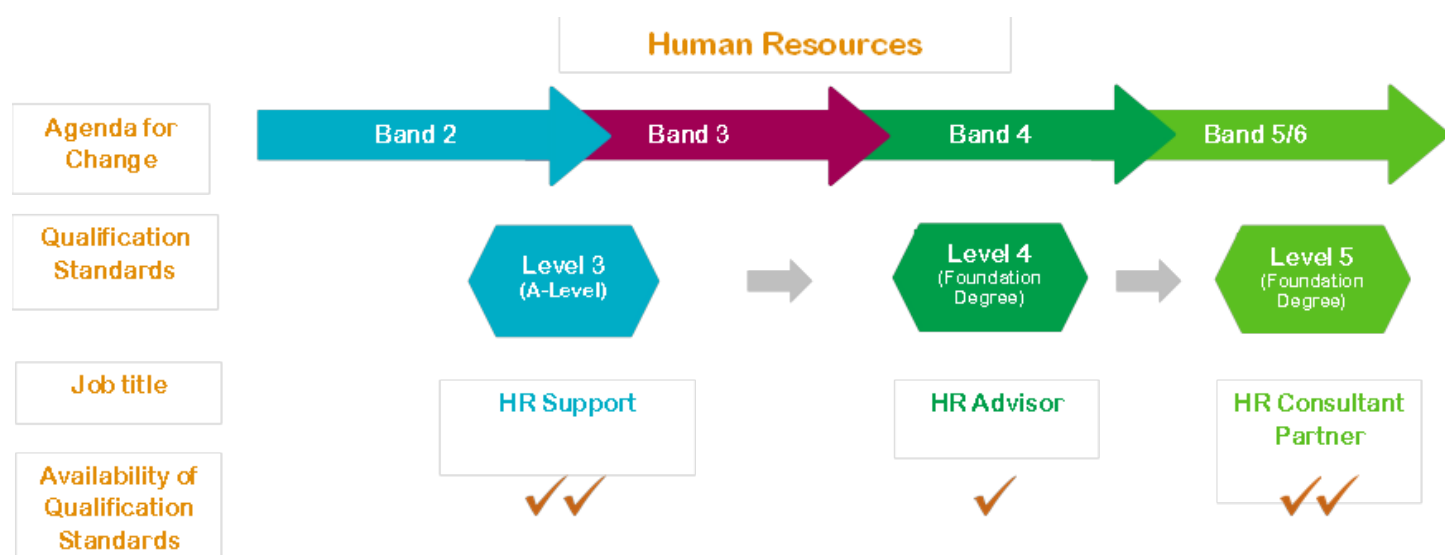
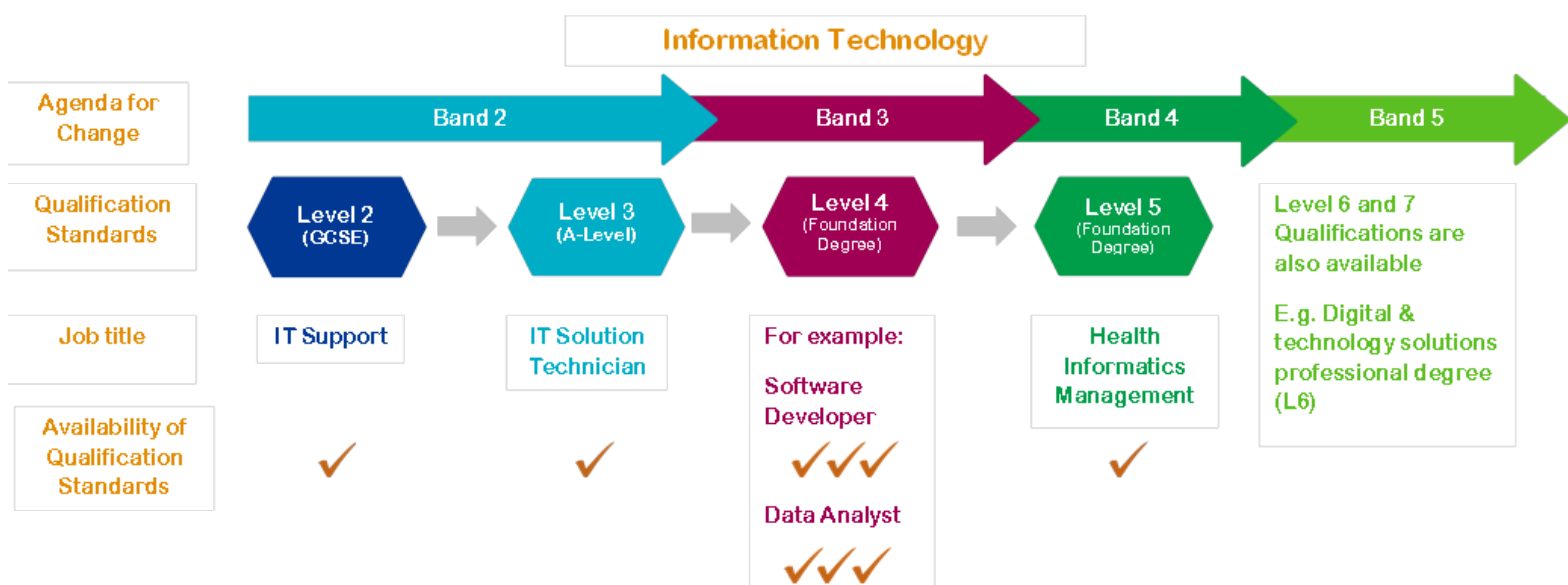
Level of Apprenticeship	No. of Staff	Standard Value per Qualification	Total Cost	Annual Spend in 1 Year	Remaining Cost - carry forward to year 2	Qualification Standards
Level 2 12 months	80	£3,000	£240,000	£240,000	0	<ul style="list-style-type: none"> 30 existing staff and 50 new starters Target catering, cleaning and Healthcare Assistants as new entrants
Level 3 18 months	65	£5,000	£325,000	£216,667	£108,333	<ul style="list-style-type: none"> 15 x management 25 x corporate & admin staff 25 x Healthcare Science / Pharmacy
Level 4 24 months	15	£18,000	£270,000	£135,000	£135,000	<ul style="list-style-type: none"> 5 x Trainee Assistant Practitioner's 5 x Finance 5 x Business Admin
Level 5 24 – 36 months	25	£18,000	£450,000	£225,000	£225,000	<ul style="list-style-type: none"> 10 x Nursing Associates – September 10 x Leadership & Management (Ward managers +) 5 x Informatics
Total Spend:				£816,667	£468,333	

Appendix 2: Example Career Frameworks



NB AAT is part of the accountancy apprenticeship, there will be opportunities to use the levy to fund accountancy qualifications in the future.

Key:	Standards in Development
✓	
✓✓	Standards Published
✓✓✓	Standards Approved for Delivery



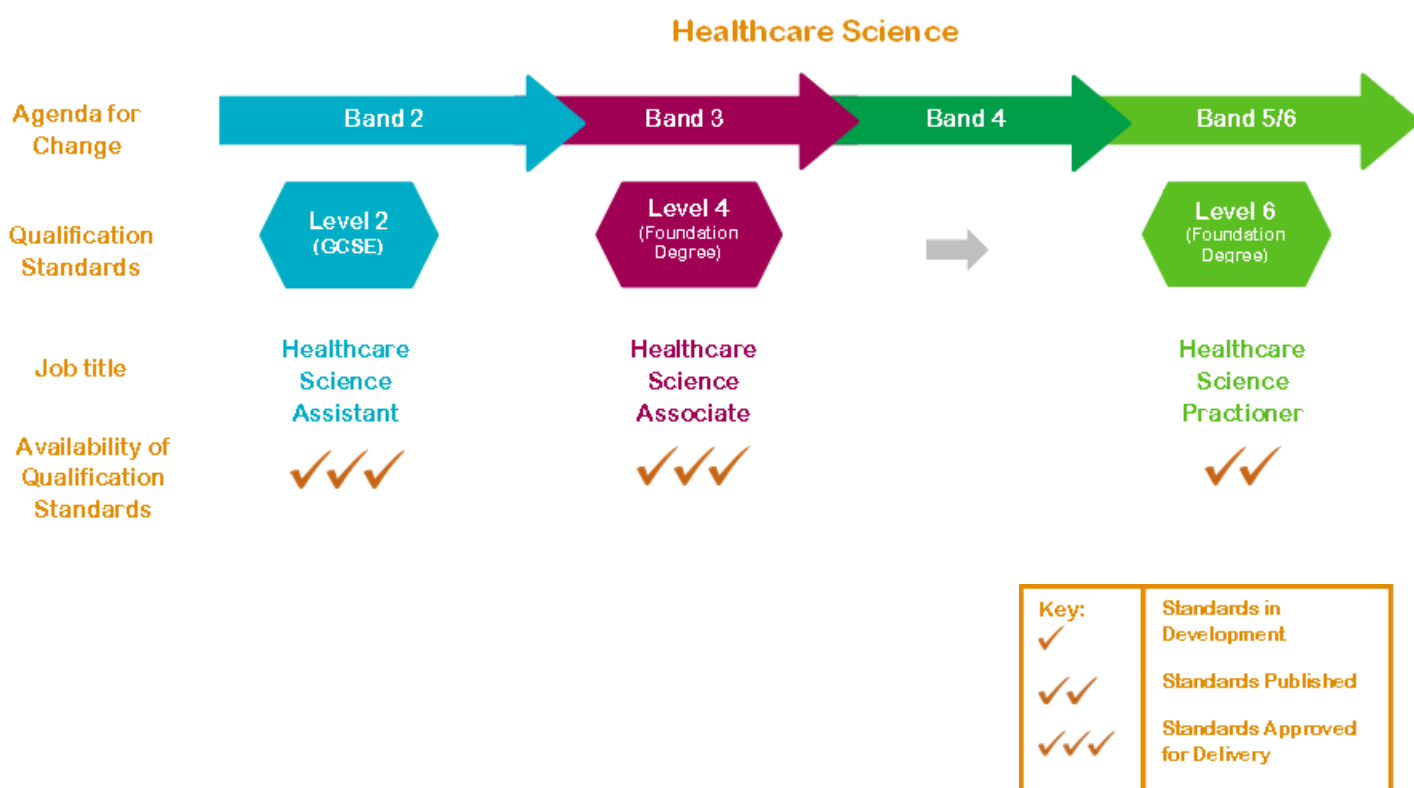
Key:	Standards in Development
✓	
✓✓	Standards Published
✓✓✓	Standards Approved for Delivery

Healthcare Scientists

The Cardiology Dept. is experiencing problems recruiting to posts at all levels. Therefore the department has an aspiration to grow their own at all levels (Band 2 to 7) to address training & recruitment gaps. This would enable them to improve patient care and avoid diagnostic breaches.

The dept. has three staff undergoing a Foundation degree at UWE which will enable them to proceed to the Healthcare science degree. Last year's student won Apprentice of the Year award at the Bristol Evening Chronicle awards. The current system to train staff is expensive and therefore limits the number of staff who can be funded to progress. Yet the department has capable, experienced non-registered staff keen to progress but leaving employment to re-train is not an option for them. The new qualification apprenticeship standards offer an alternative route to re-train and develop their career. It enables the dept. to recruit to gaps and at the same time values existing team members' contribution and potential.

There are qualification standards in place already with plans to develop a level 6 qualification underway (see career pathway below). In future it is expected that an apprentice framework will enable individuals to progress from a non-qualified support role to a registered Cardiologist. The Head of department has been contributed to the development of standards which are approved and ready for students, when the funding becomes available via the Apprenticeship Levy.



Pharmacy

The Pharmacy dept. experience recruitment issues at all levels. There is an opportunity to attract new staff and existing staff by offering career progression routes. There are vacancies which the Pharmacy dept. have not been able to fill e.g. Pharmacy Store Assistants but if marketed differently could be offered to young people as the first step on a career pathway. The role is deemed mundane but is an ideal first job within an apprenticeship framework. This would offer career prospects to those who would not currently consider a post in Pharmacy. Currently there are Pharmacy frameworks at Level 2 and 3 in development to support Pharmacy support workers. In the future there are plans to offer Level 4 which equates to a registered role e.g. Pharmacy Technician.

