



Using the apprenticeship levy in England

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 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 some NHS bodies have successfully accessed all of the funds that they have contributed to their digital account plus the 10% top-up provided by the Government. For other NHS bodies the levy is 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. We will follow up the survey with some respondents to identify case studies to share with members later in 2018.

Overall results

In total 67 responses were received, 62 of them were from NHS providers and the other 5 were from clinical commissioning groups (CCGs) or arms-length bodies (ALBs).

Not all individuals answered every question and the percentages referred to are percentages of respondents answering the specific question. (Some tables may not add up to 100% due to rounding.)

The survey revealed the following key points:

- In 2017/18, the first year of operation of the apprenticeship levy, few NHS bodies are expecting to recoup more than 25% of the levy they have contributed
- However, by 2019/20 most respondents expect that they will be able to recoup more than 75%
- Apprentices have been taken on as a result of the levy in a wide range of roles – both clinical and non-clinical
- There does not seem to be any one type of NHS provider which is able to utilise the levy more effectively than any other. The response rate from non-provider bodies was low but they seem to be at an earlier stage in their planning than provider bodies.

Overall results

Access to the digital account

All but 10 of the respondents (85%) have accessed their digital account. Of the 10 who have not accessed their account, 4 expect to in 2017/18 and another one in 2018/19. Only 5 bodies have not accessed the account and do not expect to by 2018/19.

In 2017/18, only 13% of respondents who expected to access their digital account expect to be able to use over half of the amount available to. By 2019/20, this rises to 88% of respondents. It is interesting to note that the 2 ambulance trusts which responded expect to access more of their account earlier than other NHS bodies – one will access over 75% of its fund in 2017/18 and the other over 100%.

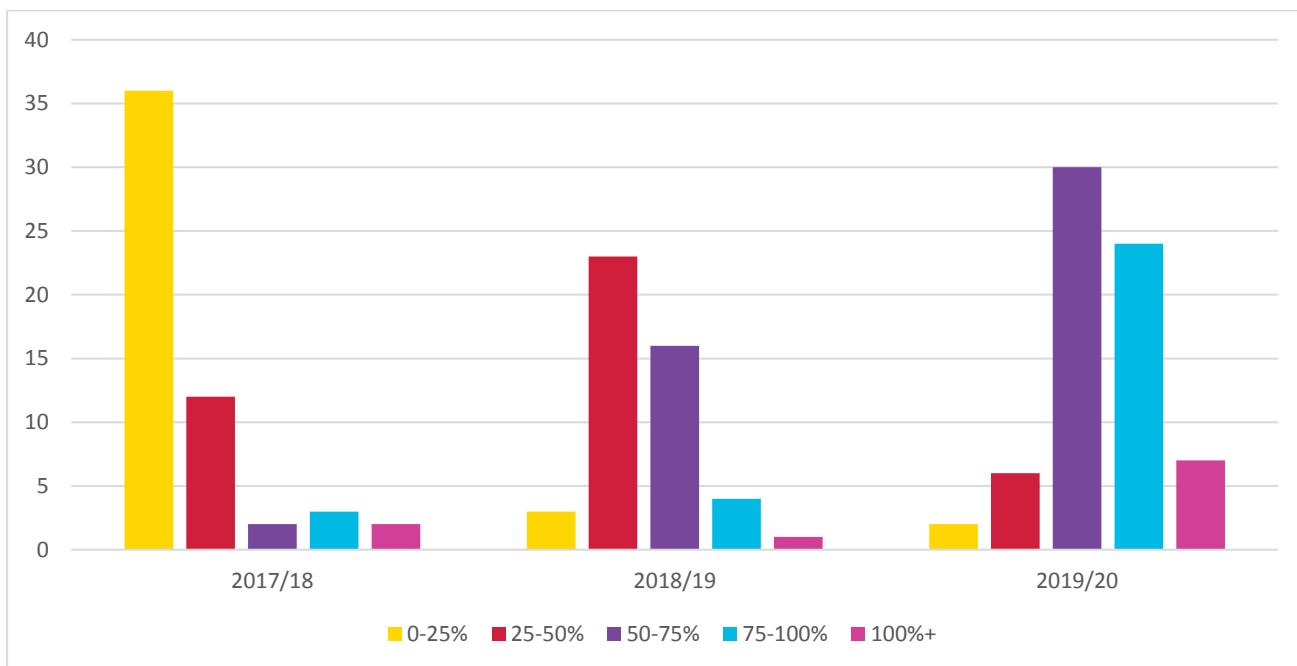


Table 1: Percentage of their digital account respondents expect to use

By 2019/20, four acute providers and three mental health/ community providers expect to access over 100% as well as the ambulance trust. For all of the other bodies, the apprenticeship levy will continue to be a cost pressure although to a lesser extent than in this first year of operation.

Of the bodies which expect to recover 100% or more of the levy only three are currently training providers. Those who are currently recouping more than 75% of their levy say that it is down to good workforce planning and making the use of the levy a specific focus on their plans. For some who

were already training providers, it was relatively straightforward to change existing training programmes to apprenticeship programmes.

Others are making the use of apprenticeships compulsory:

'We will be recouping more than 75% of our levy by 19/20 due to a rolling programme that targets areas of high staff need/turnover and making apprenticeship compulsory for some of these roles, e.g. healthcare support worker, assistant practitioner and continuing to consider all areas of the trust for apprenticeships for existing staff.'

At the other end of the spectrum, three respondents expect to recover only about 5% of the amount in their digital account:

'Expected recoup very low - less than 5%. Cost of employing/training apprentices in such a way as to meet the levy criteria is prohibitive. In many cases there will be a net cost (compared the current model of apprentice employment)'

Many of the respondents caveated their answers to the questions about the amount that they expect to recover:

'Unable to comment on 2018/19 and 2019/20 as this will depend on plans being accepted and resourced.'

'Assuming a run-in period for 2017/18 with contracts signed and spend ramping up; 2018/19 gets activity going as much as possible within the aims and objectives of the organisation, properly prioritised to address operational needs; 2019/20 settles down to a regular turnover as the organisation and NHS as a whole are used to the process, everyone is set up with contracts, access etc.'

'We are reacting to requests not planning therefore the data entered is a guess.'

Respondents identified three main barriers to using the digital account:

1. the need to develop recruitment, staffing and training plans:

'There is further work to be undertaken within the Trust to get clarity on how much of the levy will be accessed. There are differing views between HR and finance teams which are being worked through.'

'Utilise the levy to support specific development projects and align to the frameworks. This will improve with informed workforce planning which includes apprenticeship levy.'

2. the number of processes, such as recruitment and procurement of training suppliers, that need to be put in place before the levy can be used and length of time needed to embed those processes:

'The majority of our apprentice recruitment will take place in the latter part of 2017/18 and will increase during 2018/19 and beyond. There are several processes such as procurement that have had an impact on our ability to enrol new and existing staff on apprenticeships.'

3. the number of suitable placements and training programmes available:

'Local universities and colleges are slow in providing appropriate apprenticeship training programmes.'

'All above estimates based on relevant standards being available. Some standards may become available but not financial viable due to requirements of the 20% off the job impact.'

'Take-up will be slow as we change our approach to training, but this is also significantly impacted by the rate at which training suppliers are approved by the Skills Funding Agency which limits our ability to utilise the levy.'

'Depends on how many standards have been approved that are appropriate to the needs of our workforce. Also, how many clinical apprenticeships have been validated for delivery by providers & professional bodies e.g. nursing associate.'

Training providers

The majority of NHS bodies are not training providers. Only 4 organisations are providing training to other employer's staff as well as their own – 2 acute providers, one mental health and one mental health/ community. Only provider bodies are training their own staff:

- 5 acute providers
- 1 acute/ community provider
- 2 ambulance providers
- 1 community provider
- 4 mental health providers
- 2 community/ mental health providers

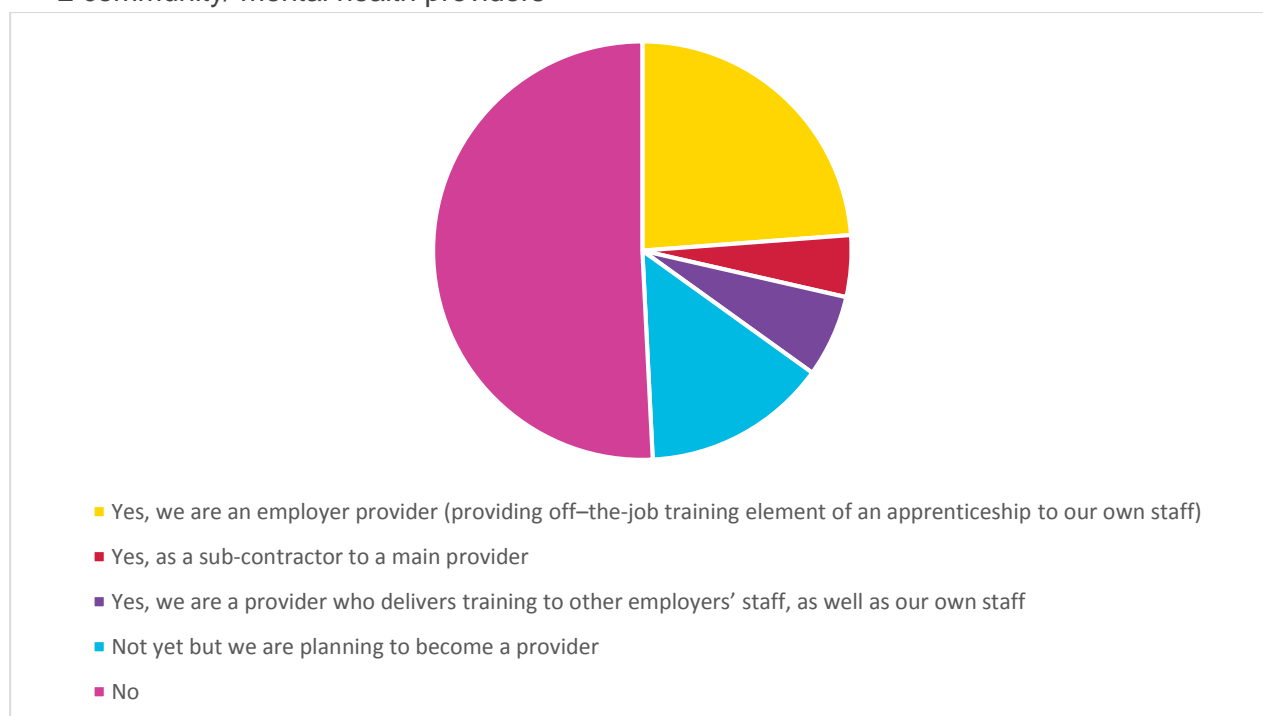


Table 2: numbers of NHS bodies which are training providers

Number of apprentices taken on

Almost half (46%) of the respondents have taken on new apprentices as a result of the levy. For some, this is in addition to the apprentices that they already employed. Only one respondent said that their organisation does not plan to take on apprentices and 8 did not need to take on any more in addition to the ones they already employ.

There are many areas of work covered by apprenticeships:

- healthcare support/ healthcare assistants
- nursing
- business administration/ clinical administration
- finance/ Association of accounting technicians

- healthcare science/ lab science/ biomedical sciences
- information technology
- estates/ engineering/ health and safety
- human resources/ workforce and organisational development/ training
- hospitality/ catering

'Mainly nursing at this stage, but intending to be across grades and disciplines in due course. The Levy has required us to reassess the contribution that apprentices may make to organisational goals, especially as failing to make best use of the Levy would result in it being a simple cost pressure. The organisation is at the early stages of addressing this, and a post-apprentice benefits realisation exercise will be undertaken in due course, becoming business as usual as the years progress.'

'Would be willing to take more in nursing roles but nationally some questions need to be answered regarding supernumerary status for this particular framework.'

Next steps

Over half the respondents have indicated that they are willing to talk to the HFMA further. We will follow up with them in the near future with the objective of identifying some case studies to share with HFMA members.