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Department for Business, Innovation and Skills  
Spur 2 Level 2  
1 Victoria Street  
London  
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2<sup>nd</sup> October 2015

Dear Sir/Madam,

As a national organisation in the health sector, [NHS Employers](http://www.nhsemployers.org) is pleased to provide this response to the consultation on the Government's proposal to introduce an apprenticeship levy.

This response has been compiled following engagement with employer organisations across the NHS in England. In addition, we have encouraged individual NHS organisations to respond directly on the detail.

Our response focuses on:

- The current context for apprenticeships in the NHS in England.
- Our concerns with the levy proposal.
- The changing NHS and the role of apprenticeships.

## **CURRENT CONTEXT FOR APPRENTICESHIPS IN THE NHS**

The NHS places great importance on investing in the education and training of the workforce, to ensure that every member of staff has the skills required to meet the needs of patients. Current funding arrangements for education and training are based on top slicing NHS budgets and Health Education England hold an annual budget of £4.9bn, of which a proportion is allocated to investing in the delivery of apprenticeships.

The number of apprenticeships in the NHS has grown significantly in recent years and apprentices are currently employed in the NHS across more than 60 different frameworks/standards. Between 2008/09 and 2009/10, the number of new apprenticeships in England rose by 500 per cent from 1,300 a year to over 8,100, and in 2014/15 this increased further to 14,660 apprenticeship starts.

Within the Health Education England Mandate from The Department of Health, there exists a target to double the number of apprenticeships delivered across the NHS by March 2016. To achieve the ambitions set out in the Mandate, Health Education England has launched [The Talent for Care](#) and [Widening Participation](#) strategies that set out the mechanisms by which the NHS will secure a diverse, talented support workforce fit for the future – bringing young people into the NHS workforce through apprenticeships, or other routes, is key to meeting this aim.

There is also evidence that those apprenticeships being delivered by the NHS deliver return on investment. In May 2014, the Department for Business Innovation and Skills published a study<sup>1</sup> which looked at the costs of three broad apprenticeship frameworks delivered by the NHS. The evidence in this report suggested that employers were of the view that apprenticeships delivered the skills they needed and that in most instances the costs of training could be recouped over 1-2 years. Whilst this was only a small scale study, the ability for costs to be recouped over such a short timeframe, demonstrates the high-quality of apprenticeships delivered by the NHS and the commitment of employer organisations to retaining and further developing those who have undertaken an apprenticeship.

## **CONCERNS WITH THE LEVY PROPOSAL**

Our principal concern is with the proposal to tax employers at source through PAYE systems, when funding is already directed from the Health Education England budget to fund apprenticeships and national oversight of their delivery, as part of the *Talent for Care* programme.

The NHS is the largest employer in England, employing more than 1.3 million people in a range of professions and disciplines. To ensure that the NHS workforce has the skills needed to deliver the standards of care required by the population, it is necessary that those in the registered professions or equivalent, have access to high-quality education and training. Whilst it is possible to deliver some of this training through apprenticeships, there is a large proportion of the NHS workforce for which apprenticeship qualifications would not be sufficient to deliver the requisite skills. In addition, it is also worth noting that, whilst not branded as apprenticeships, the fact that each year the NHS supports large numbers of junior doctors to develop specialist skills and delivers pre-ceptorship programmes for nurses, midwives and allied health professionals, is evidence of the sustaining commitment of the health sector to skills development.

As the current proposal intends to calculate the levy on the basis of employee earnings, this would result in the NHS being the biggest contributor to the levy. Since the proposals do not specify the rate of the levy, it is difficult to assess the financial implications of such a system. However, we feel that simply calculating the levy based on employee earnings does not take into account the fact that different sectors will have very different skills needs, and some sectors will have more opportunities to offer increased numbers of apprenticeships than others. In addition, given the size of the NHS and the highly skilled nature of many of the job roles that make up the workforce, imposing a levy would make it very challenging for the NHS to get back what it puts in, without a significant shift in direction of other workforce-

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<sup>1</sup> Employer Investment in Apprenticeships in the Health Sector, Department for Business, Innovation and Skills, May 2014

related policy. This would require the support and will of policymakers, regulators and buy-in from professional bodies.

As an additional point, we feel that introduction of a levy could shift the focus away from a desire to drive up the quality of apprenticeship provision (one of the key aims of introducing such a system) and result in employers becoming fixated with numerical targets.

Given that the NHS is already under considerable financial strain, and is experiencing increased demands on its resources, we are concerned that introduction of the proposed levy could impact negatively on front-line services.

## **THE CHANGING NHS AND THE ROLE OF APPRENTICESHIPS**

Whilst the NHS already invests heavily in the training of apprenticeships, there is no doubt more that could be done to further increase apprenticeship numbers across the service. The introduction of new standards may open up opportunities for apprenticeships to be used in different ways and more could be done to raise the profile of higher apprenticeships, so that these are considered as an alternative to degree courses by existing members of the workforce and their employers. However, it should not be underestimated the time required to develop new standards and gain buy-in from employers, the public, and the professions, as to the benefits these have to offer.

The design of new job roles and changes to how services are delivered are key to achieving the aims set out in the *Five Year Forward View*. This is something which employers across the NHS have already proven demonstrable commitment to and continued investment in apprenticeships is key to improving the education and training of those in the support workforce.

Whilst we do have a number of concerns about the introduction of an apprenticeship levy, as set out overleaf, we would also like to stress that if changes are to be made to the current system, then these do not happen before April 2017, which would at least provide some lead in time to develop the supporting architecture that would be required.

Although not directly linked to this consultation, NHS Employers have also responded to the Migration Advisory Committee's call for evidence, which is looking at the implications of introducing a charge or tax on employers who use overseas labour, the intention being to use the money to fund apprenticeships. NHS Employers response to this call for evidence can be found on [our website](#).

## **CONTACT**

If you would like to discuss the content of this response further, or you require any clarification on the points raised, please contact Lisa Atkin [lisa.atkin@nhsemployers.org](mailto:lisa.atkin@nhsemployers.org).

Yours faithfully,



Daniel Mortimer, Chief Executive, NHS Employers

## **ABOUT NHS EMPLOYERS**

The NHS Employers organisation is the voice of employers in the NHS, supporting them to put patients first. Our vision is to be the authoritative voice of workforce leaders, experts in HR, negotiating fairly to get the best deal for patients.

We help employers make sense of current and emerging healthcare issues to ensure that their voice is front and centre of health policy and practice. We keep them up to date with the latest workforce thinking and expert opinion, providing practical advice and information, and generating opportunities to network and share knowledge and best practice.

We work with employers in the NHS to reflect their views and act on their behalf in four priority areas:

- pay and negotiations
- recruitment and planning the workforce
- healthy and productive workplaces
- employment policy and practice.

The NHS Employers organisation is part of the NHS Confederation.