**Investment proposal**

1. **Background**

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| **Project Title** | **Sustainable Workforce – Growing our own apprenticeships in nursing** |
| **Recommendation:**  **The Board is asked to….** | To invest and support training a sustainable future workforce, utilising the apprenticeship levy to secure a pipeline of registered professionals through degree apprenticeships. Maximising the opportunities presented by the apprenticeship levy in to “grow our own” sustainable nursing workforce at xxx.  The board on the is asked to support the following expenditure:   1. 22 Graduate Nurse Apprentices to start the final two years of a BSc in Nursing from April 2018 at a cost of £196k for 2018/19 and £234K 2019/20 2. The board is asked to support the recruitment of the apprentices and the funding profile for the study-time (non-productive time) as per the tables below.       The Year 4 costs above represents the recurrent annual cost assuming that there is 8 cohorts in training going forwards.    The four year cost of the study-time for each apprentice is provided in the table below and is comparable to the £16k spent on overseas recruitment.    The apprenticeship training costs of £27k per person will be claimed against the levy contribution (tax) that all large employers are required to contribute to HM Treasury.  This proposal enables xxx to deliver its strategic expectations in harmony with its values of together, safe, kind and excellent. |
| Directorate and Service Department | Workforce (Nursing) Trust-wide |
| Author of Business Case |  |
| Associate Director  of Operations approval | Signature………………………………………………….  Print…………………………………………………………. |
| Clinical Director approval | Signature………………………………………………….  Print…………………………………………………………. |
| Divisional Head of Finance approval | Signature………………………………………………….  Print…………………………………………………………. |
| Director of Estates and Facilities Management approval | Signature………………………………………………….  Print…………………………………………………………. |
| IT requirements checked by IT? Yes/No | No |
| Project Manager | TBC |
| Current Risk: summary of technical risk, patient safety risk, business continuity risk, financial risk or business development risk | Change is required owing to the following risks:  Risk Score: |
| Does this proposal reflect a key issue on the Board Assurance Framework. | The Board Assurance Framework, May 2017 cites insufficient nurse and midwifery staffing levels as a key risk to the Trust. |
| Capacity: Impact of proposal on number on beds/theatres/ICU/Outpatient  clinics/estates | Long term implications arising from insufficient staff supply. |
| How does Proposed KPIs for Project | Uptake of cohort numbers  Limiting attrition  Reducing turn over  Use of apprentices to fill bank shifts |
| Aligned with which Clinical Strategy? |  |
| How Do How does this proposal support the delivery of the Trusts Quality Improvement Strategy. |  |

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| For proposals involving medical equipment (see also Appendix 1) | Please state proposed arrangements for device maintenance support?  - In house (Clinical Engineering)**Yes/No**  - Contract **Yes/No**  For X ray/Nuclear medicine equipment, has the Radiation Protection Adviser/Medical Physics expert been consulted in equipment selection? **Yes/No/NA**  For laser equipment, has the Laser Protection Adviser been consulted in equipment selection? **Yes/No/NA**  For MR equipment, has magnetic resonance physics been consulted in equipment selection? **Yes/No/NA** |
| Is this proposal in the service’s Business Plan? Yes / No | N/A |
| Has 1. a detailed Specification been produced and 2. costed by the Estates department ? and 3. Space/Decant been identified ? | N/A  N/A  N/A |
| Links to eHospital |  |
| Desired Project Start Date | January 2018 |
| Expected Project End Date | For on-going review of progress against KPI’s |

**Please note that agreement from the Directorate Board is a requirement before consideration.**

**2. CASE DESCRIPTION**

High rates of turnover at x% for healthcare support workers and x% for nursing and midwifery respectively, coupled with factors politically (the impact of the EU referendum and Brexit uncertainty); in education and recruitment are creating a “perfect storm” of staff shortage that requires a proactive response.

HEE analysis[[1]](#footnote-1) shows that the NHS in England had a shortage of 29,000 FTE staff in 2016 – one in 10 of all nursing posts. HEE projects the NHS will still not have enough qualified nurses by 2021 and anticipates that the NHS will lose 84,000 nurses before retirement age over the next 5 years.

Change to funding and bursary provision in 2017 means students no longer receive financial support and will instead have to apply for a student loan. This has had a detrimental impact on the number of applicants to nursing courses in the UK decreased by 19% this year compared to last. The September 2017 intake of ARU undergraduate nurses stands at only 54 of the 94 places filled, (57.4% of capacity). In order to mitigate the risk to staffing levels compounded by these factors, this proposal seeks to define and agree the following:

* A “grow your own” approach built on a “2+2” model, which is a 2 year foundation degree 80/20 productive time (working in existing established role)
* followed by a + 2 year “top up” to BSc / other career pathway 50/50 productive time

The xxx Board has agreed a Sustainable Workforce Programme of which supply is one key strand. This requires the recruitment of xxx nurses per annum. This proposal provides a sustainable approach to growing one third of this supply through:

* a cost-effective apprenticeship wage proposal based on national living and national minimum wage
* fixed salary for full period of training and zero enhancements for study time (non-productive time)
* total pay contribution (study-time) £17k over 4 years versus c£16k for international recruitment
* lower risk of attrition, lower accommodation risk
* providing local people with local jobs, a living wage, quality training and degree pathways
* offering alternative to university route providing earn while you learn / GYO approach
* seeking to stabilise the HCSW workforce and reduce impact of impending staffing cost pressures and cost of turn over Reduces some risk of Brexit effect / static overseas recruitment
* minimises the risk of premium costs; impact on income and reputation of failure of service provision
* retains a culture of development at xxx

In April 2017, the House of Lords Select Committee on the long-term sustainability of the NHS concluded that the biggest internal threat to the sustainability of the NHS is the lack of a comprehensive national strategy to secure the workforce the NHS and care system needs[[2]](#footnote-2). Furthermore, OECD[[3]](#footnote-3) data shows that the UK trains many fewer nurses than comparable countries.

The NMC reported recently[[4]](#footnote-4) that for the first time in years there are now more nurses and midwives leaving the NMC register than joining. A recent Royal College of Nursing (2017) study found that half (49%) of nurses don’t think there are sufficient staffing levels to allow them to do their job properly, despite the drive to recruit more nurses following the Francis Inquiry.

Critical to the Trust’s future success is its ability to attract, recruit and retain staff. The challenging political and economic environment has driven the changes described here. Utilising the apprenticeship levy to attract cohorts of nursing (and other health professions) as apprentices presents an opportunity both for the Trust and for individuals. It is in light of these issues that the investment board is asked to fund the proposals set out in this document.

**A STATUS QUO**

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| Where are we now?  *(e.g. supply and capacity constraints, inefficiencies, etc.)* | Turnover within the Trust remains challenging. Current data shows high rates of turnover at x% for healthcare support workers and x% for nursing and midwifery respectively. Band 5 turnover has been over x% for the last two years. In the first year of employment the Trust turnover for healthcare support workers is x%.  The impact of the removal of the nursing bursary has caused a reduction in the numbers of undergraduate nurses commencing training.  International recruitment programmes may prove unsustainable in the future economic and political environment. Exchange rate uncertainty and the “Brexit effect” where overseas nationals no longer view the UK as a desirable option are likely to be limiting factors. Efforts by x to look overseas for recruits is becoming more challenging and evidence suggests that international recruitment is plateauing. |
| Why do we want / need to invest? | Ensuring staff retention and career development in an environment of increasing competition is a significant challenge. The Trust’s ability to maximise the opportunities presented by the apprenticeship levy introduced in 2017 are crucial to enable us to:   * attract, develop and retain staff; “growing our own” future workforce who will earn whilst undertaking funded learning, supporting service delivery and avoiding student debt; * engage with the local community to offer opportunities which reach out to **all age groups** and **skills levels**; * promote the Trust as a great place to work, clearly highlighting the opportunities that exist within xxx, achievable at every level whilst also; * Improving continuity of care, stability and reducing turnover, securing a strong, loyal and skilled future workforce, committed to delivering the best for patients and their families/carers. |

**B VISION**

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| **Define objectives –** identify the key objectives which the bid seeks to deliver, making these ‘SMART’ | Commence cohorts of 100 apprentices a year (from 2018/9) on degree programmes resulting in professional registration in nursing and other health professions. |
| What tangible benefits can we achieve?  *(e.g. for patients, staff, the trust, the local community)* | * Stabilise the HCSW workforce and reduce impact of impending staffing cost pressures and cost of turn over * Reduce the risk of the Brexit effect / static overseas recruitment * Minimise risk of premium costs; impact on income and reputation of failure of service provision * Provide local people with local jobs, a living wage, quality training and degree pathways. Offering alternative to university route providing earn while you learn and retaining a culture of development at xxx * Create a pipeline of registered professionals, committed to xxx |
| How does the proposal fit into the business strategy?  *(e.g. fit with service objectives and service’s business plan etc.)* | The Board Assurance Framework, May 2017 cites insufficient nurse and midwifery staffing levels as a key risk to the Trust. This is in some part due to a historic lack of effective workforce planning nationally, coupled with supply issues in the numbers of registered staff (RN, RM, AHP’s etc.) available, geographical constraints around accommodation and cost of living and our ability to retain staff and reduce turnover. These issues have resulted in sub-optimal staffing levels impacting on service delivery, budgets, patient experience and staff morale. |
| How does the proposal fit into the overall corporate strategy?  *(e.g. fit with organisational objectives etc.)* | Creating a sustainable workforce will support the work underway to improve patient pathways. Offering local people local jobs, a living wage, quality training and degree pathways, supports the strategic aim of working with our communities and retains a culture of development at xxx. Through this approach, building a sustainable workforce will support the strengthening the organisation which it is envisaged will in turn help the work aimed at contributing nationally and internationally. |

**C OPTIONS/PREFERRED OPTION (To include appraisal of Financial and Non-Financial benefits)**

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| --- | --- |
| Option 1: Do Nothing  *(advantages & disadvantages)* | Advantages: No evidence  Disadvantages: Status-quo does not deliver a sustainable workforce and supply issues mean staffing levels become unsafe. Paying premium cost for bank and agency including increasing reliance on temporary workforce. |
| Option 2:  *(advantages & disadvantages)* | Advantages: Stabilisation of HCSW workforce, reduction in turn over, reduced reliance on overseas recruitment mitigates uncertainty of Brexit risk. Other Trusts competing for labour market entrants. Utilisation of apprenticeship levy. Cost effective (no unsocial hours payments for apprentices in training).  Disadvantages: Cost, service impact of study-time time. |

**Note for each option include the Following:**

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| --- |
| Risk Assessment – **describe any risks with any of the options (including clinical risk, risk of activity loss / loss of reputation – and risk to business continuity)**  As described above in Option 1 “Do Nothing” |
| **Stakeholder support –** identify key internal and external stakeholders demonstrating that they have been consulted and support the proposal(e.g. CCG support for any service developments) and that the relevant checklists have been appropriately completed?  Director of Workforce, Chief Nurse and associated departmental colleagues, local stakeholders and education providers |
| Implementation Plan , **timetable, responsibility, compliance with procurement rules etc**  **Commencement from 2018, subject to completion of procurement and funding agreement.** |
| Equality Impact Assessment – **describe any positive or negative impact the proposal may have on service users and staff.**  Positive impact on staffing levels and therefore patient experience. Improve staff morale. |

**3. FINANCIAL ANALYIS**

**Please provide evidence of the financial viability of your project. We appreciate that your future projections might be subject to uncertainty. A range estimate will sometimes be more appropriate than a point estimate. If these estimates vary across the different options, please answer the following questions with regards to every option (copy template as required).**

**OPTION:**

**A INCOME**

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| --- | --- |
| How will activity levels be affected? N/A |  |
| How will income generation be affected? N/A |  |
| |  | | --- | | Has the income been checked by the commissioning team?  Not Applicable | | Has this proposal got explicit CCG/NHS England support? N/A  Do commissioners agree to fund the activity changes used in this proposal?  Not Applicable  Is this activity already included in the 5 year plan ? N/A | |  |

**B EXPENDITURE**

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| --- | --- |
| What capital expenditure is required? (£m inclusive of VAT) | Buildings  Medical Equipment  Other Equipment  Other  Total N/A |
| Have the Estates capital costs been provided by written quote? If yes, Internal Estates estimate or External QS?  Have other capital costs been provided by written quote?  Are any capital costs subject to tendering procedure? | N/A  N/A  N/A |
| Describe how annual revenue costs be affected (Incl WTE)? | The board is asked to support the following expenditure:   1. 22 Graduate Nurse Apprentices to start the final two years of a BSc in Nursing from April 2018 at a cost of £196k for 2018/19 and £234K 2019/20 2. The board is asked to support the recruitment of the apprentices and the funding profile for the study-time (non-productive time) as per the tables below.       The Year 4 costs above represents the recurrent annual cost assuming that there is 8 cohorts in training going forwards.  The four year cost of the study-time for each apprentice is provided in the table below and is comparable to the £16k spent on overseas recruitment.    The apprenticeship training costs of £27k per person will be claimed against the levy contribution (tax) that all large employers are required to contribute to HM Treasury.  This proposal enables xxx to deliver its strategic expectations… |

**C I+E Summary**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| *Does the proposal achieve a 20% EBITDA Margin over 3 years ?*  What return on the funds invested is achieved (%) Target 8% | |  |  |  |  | | --- | --- | --- | --- | |  | 2016/17 £000s | 2017/18  £000s | 2018/19 £000s | | Income and Capacity Issues | 0 | 0 | 0 | | Expenditure (including £181k for 22 ‘in the wings’ | 0 | 0 | 554 | | Financing Charges | 0 | 0 | 0 | | Net Impact on I+E | 0 | 0 | 0 |   N/A |
| Does the proposal improve the Trusts risk rating (CSR) ? | N/A |
| Where capital investment is required what is the payback period (in years and months)? | N/A |

**D VALUE FOR MONEY**

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| --- | --- |
| What discount period is being applied (years)? | N/A |
| NPV 4.2% nominal  (Convention – positive NPV reflects excess of income over expenditure)  IRR % | N/A |

**E SENSITIVITY**

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| What are the fundamental assumptions the above projections are based on? | The costings are based on National Living Wage 2018/19 rates applicable (no inflation applied to future years) |
| How high is the risk of downward changes in each of the key assumptions? (l, m, h) | Low |
| Sensitivity Analysis 1 | *N/A* |
| Sensitivity Analysis 2 | *N/A* |

**4. POST Implementation review (Complete targets (A) when applying for investment)**

**Date for POST IMPLEMENTATION REVIEW: Ongoing**

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| --- |
| Please indicate whether your project has achieved or is likely to achieve its targets as set out in the approved investment proposal with regards to the following:   1. **Activity** Volumes (in line with expectations?) 2. Additional **Income** (in line with expectations?) 3. **Capital** Investment (within agreed budget?) 4. **Revenue** investment (within agreed budget)? 5. **Clinical** **and** **Organizational** **Benefits** indicated in Proposal (in line with expectations?) |

**PERFORMANCE METRICS – Not applicable in this case**

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| --- | --- | --- | --- | --- | --- | --- |
| **KPI** | **Target (A)** | **Actual**  **(B)** | **To Come(C)** | **Impact**  **A: (B+C)** | **Deadline** | **Comment** |
|  |  |  |  |  |  |  |
| Activity KPI\_1 |  |  |  |  |  |  |
| Income KPI\_1 |  |  |  |  |  |  |
| Cost KPI\_1 |  |  |  |  |  |  |
| Savings |  |  |  |  |  |  |
| NPV/IRR |  |  |  |  |  |  |
| Return on Investment KPI\_1 |  |  |  |  |  |  |
| Benefits  (specify) |  |  |  |  |  |  |

1. Health Education England. Clinical placement funding. 15 August 2017. Available from: https://hee.nhs.uk/ news-blogs-events/hee-news/clinical-placement-funding 45. Scott G. ‘Politics first, strategy later’ fails in workforce planning. Nursing Standard. 2017;31(52):3. Available from doi: http://dx.doi.org/10.7748/ns.31.52.3.s1 46. Hodgson C. Retention is the biggest workforce challenge facing the NHS says HEE chief Ian Cumming. Health 21. 16 June 2017. Available from: [www.health21.org.uk/2017/06/16/retention-is-the-biggestworkforce-challenge-facing-the-nhs-says-hee-chief-ian-cumming](http://www.health21.org.uk/2017/06/16/retention-is-the-biggestworkforce-challenge-facing-the-nhs-says-hee-chief-ian-cumming) NHS Confederation. Look after current staff to secure the future NHS workforce, says Ian Cumming.15 June 2017. Available from: www.nhsconfed.org/news/2017/06/confed17-ian-cumming [↑](#footnote-ref-1)
2. In Short Supply: Pay Policy and Nurse Numbers, The Health Foundation, 2017 [↑](#footnote-ref-2)
3. Rising Pressure: the NHS workforce challenge, The Health Foundation, 2017 [↑](#footnote-ref-3)
4. Safe and Effecting Staffing: Nursing Against the Odds, The Royal College of Nurses, 2017 [↑](#footnote-ref-4)