

From the Permanent Secretary  
Sir Chris Wormald



Department  
of Health &  
Social Care

Meg Hillier MP  
Chair of the Committee of Public Accounts  
House of Commons

39 Victoria Street  
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Dear Chair

### **Public Accounts Committee - Financial Sustainability of the NHS**

Further to the Public Accounts Committee on the Financial Sustainability of the NHS, I said I would write to you to explain in more detail on the following topics. I have also provided additional information on specific questions. I shall write separately regarding the review of winter.

### **Nursing Workforce**

We spoke at the PAC hearing about the new routes into nursing, including the nurse degree apprenticeship, funding of these routes and numbers of people training. The table in Annex A provides a summary of the different routes into nursing and funding details.

The Government has a manifesto commitment to 3 million new apprentice starts by 2020. New reforms to the apprentice system were introduced last year when an apprentice levy and public sector apprentice target came into effect in April 2017. The levy is applied to all employers with a pay bill over £3m at 0.5% of PAYE. The public sector apprentice target applies to public sector bodies who employ more than 250 staff - setting a target of 2.3% of headcount to be employed as apprentices. The levy and target act as significant incentives for employers to develop their own workforce through the apprentice route – increasing productivity in the UK economy.

Turning to your questions on funding, employers that pay into the apprentice levy have an Apprentice Service account where their levy payments plus 10% are held as apprentice levy vouchers. Levy vouchers can only be spent on the education, training and assessment of apprentices. Employers must spend their vouchers within 24 months. Developing nurse degree apprentices allows NHS employers to spend their levy money and fulfil a workforce need. Apprentices do a job of work and paid a salary. Employers will only employ apprentices they want and need. The apprentice

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routes into nursing are attractive for individuals and employers have already reported great interest in the opportunities.

### **Subsidiary Companies in the NHS**

Ian Dalton has already written to you regarding subsidiary companies.

Regarding the issuing of a letter by my department to Finance Directors of NHS Trusts and Foundation Trusts on the matter of tax avoidance (Q134), I would like to confirm that this was done primarily because we had been made aware of a number of tax advisors offering tax solutions to health bodies which, although legal would have resulted in the avoidance of the payment of tax for which the NHS had been funded. This is a matter where no central guidance had been issued since 2002 and we therefore deemed it prudent to write out and remind the NHS of the HMRC rules on tax avoidance.

Regarding my comment at Q135 on the VAT status of a wholly-owned subsidiary and that of its owner, on checking with my finance officials I am advised that a wholly-owned subsidiary company does have a different VAT status from its owner, and that they are treated in line with the VAT rules for normal private sector businesses.

### **European Health Insurance Card (EHIC)**

I would also like to further add to my comments to the Committee on EHIC (Q138). We have reached an agreement with the EU on reciprocal healthcare arrangements for UK nationals covered by the scope of the Withdrawal Agreement. This means that anyone who was in scope of the Withdrawal Agreement, and who is entitled to a UK EHIC, will continue to benefit from that scheme for as long as their cross-border situation continues. This includes tourists for the duration of their stay, students for the duration of their course, and UK nationals resident in another Member State, such as pensioners. We want to return to the rights of people not in scope by the specified date in future talks.

Yours sincerely,



**SIR CHRIS WORMALD  
PERMANENT SECRETARY**

	<b>Apprenticeship Routes into Nursing</b>			<b>Full time university routes into nursing</b>	
<b>Route</b>	Nursing Associate Apprenticeship	Nurse Degree Apprenticeship	Shortened Nurse Degree Apprenticeship	Full Time Nurse Degree	Post Graduate Nurse Degree
<b>Educational Level</b>	Level 5 Foundation Degree	Level 6 Degree (BSC)	Level 6 Degree (BSC)	Level 6 Degree	Level 7 Masters Degree
<b>Education &amp; Training</b>	2 years on the job training/study	4 years on the job training/study	Shortened 2 year apprenticeship – recognising APEL(accreditation of prior experiential learning) gained as Nursing Associate	3 years at a HEI with clinical placement training in NHS	2 years at a HEI with clinical placement training in NHS
<b>Status when completed training</b>	Registered Nursing Associate – legislation planned for April 2018 and to come into effect in January 2019	Registered Nurse	Registered Nurse	Registered Nurse	Registered Nurse
<b>Numbers</b>	2000 trainees started on HEE pilot in 2017. 5000 due to start as apprentices in 2018 and a further 7500 in 2019. By the end of 2019 there will have been 14500 Nursing Associate Starts.	Small numbers in 2017 (below 50) due to employers and HEIs getting to grips with new Levy system. Numbers expanding in 2018 to 100s.	Route not yet available until first Nursing Associates complete training in 2019.	Approximately 20000 started training in 2016/17. Postgrad route makes up about 2500 of this total.	
<b>Funding</b>	Nationally supported pilot and expansion programme. HEE funded pilot cohorts in 2017. Funding for Nursing Associates in 2018 & 2019 coming from apprentice levy with some HEE support being paid to employers.	Employers using apprentice levy vouchers to pay for education, training and assessment of apprentice nurses. Organic growth of this role led by employers locally.	Will be paid out of the apprentice levy once this route is available.	Student loans. HEE funding for clinical placements paid at a standard tariff rate.	NHS Bursary. Legislation to move these students onto loans system currently in passage through parliament. Ministers await the outcome of the (Secondary Legislation Scrutiny’s) Committee’s considerations on the Statutory Instrument.