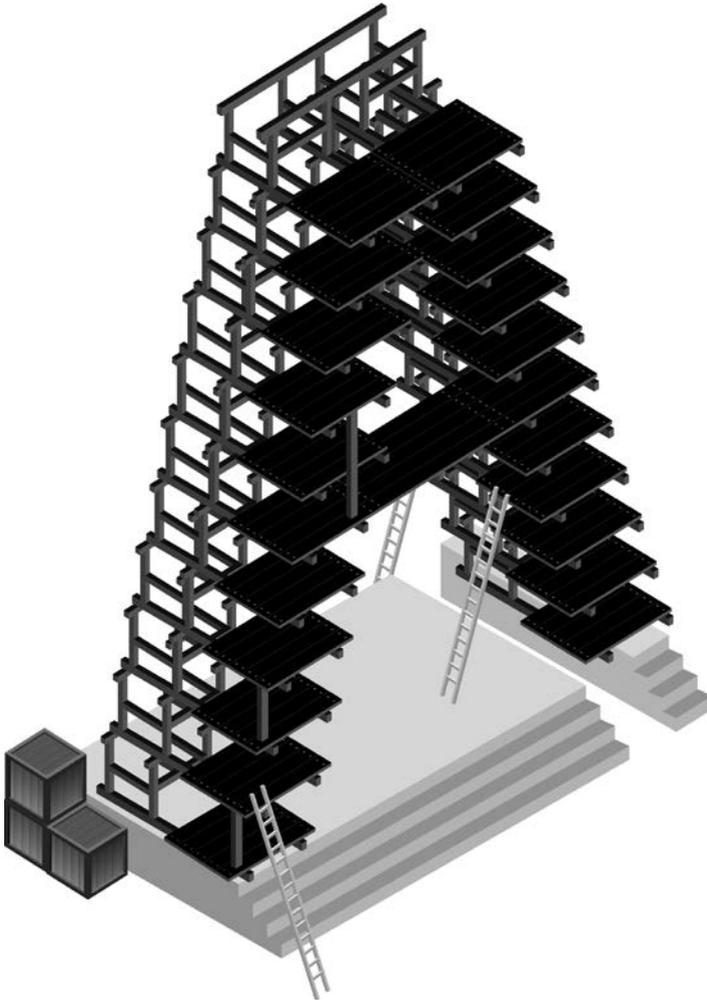


Achieving the benefits of apprenticeships

A guide for employers



Brought to you by
National
Apprenticeship
Service

Welcome to this guide to achieving the benefits of apprenticeships.

The National Apprenticeship Service exists to help employers and individuals value apprenticeships.

We know from working with employers across many sectors and industries that apprenticeships work, and that employers benefit in many different ways from employing apprentices.

The introduction of the apprenticeship levy and the move to employer-led standards have put businesses in the driving seat. More control of funding, the chance to collaborate on new standards as a trailblazer, and the introduction of higher and degree apprenticeships mean that there has never been a better or more exciting time to consider apprenticeships.

For the apprentice, apprenticeships offer the chance to gain valuable skills, higher earning potential and improved life chances. Higher and degree apprenticeships allow apprentices to gain university-level qualifications while working. There is no limit to how high and how far an apprentice can go.

In this guide, we will share with you some hints and tips on how to realise the benefits that apprenticeships deliver, how to measure the success of your apprenticeship programme, and some inspiring stories from employers. We want to make apprenticeships work for you.

Keith Smith,
Director of Apprenticeships,
Education and Skills Funding Agency

**To find out more about apprenticeships,
search for 'employing an apprentice' on GOV.UK,
or call (free phone) 08000 150 600 to speak to an adviser.**

The benefits that apprentices can bring to your business



What do employers say?¹

96% of employers with apprentices have experienced at least one benefit from taking on apprentices, and most can count at least 8 benefits.

67% of employers say that employing apprentices improved their image in the sector.

25% of consumers are willing to pay more for products from a business that employs apprentices.²

69% of employers say that employing apprentices improved staff retention.

65% of apprentices stay working for the company that trained them when they complete their apprenticeship.

74% of employers say that apprentices improved products or service quality, and 78% say that they improved productivity. Apprentices become highly skilled even before they finish their training.

73% of employers say that staff morale is improved by having apprentices.

The average length of time an apprentice stays with Siemens is 26 years!

“There’s a real buzz in the office around apprentices as people increasingly see the benefits they can bring. Apprenticeships also give staff opportunities to supervise and mentor people – opportunities that they previously may not have had.”

Bond Dickinson, finalist at National Apprenticeship Awards 2016

“As a result of the speed of change in the technology industry, we knew we had to take action to address the digital skills gap. The combination of gaining high-level skills and full exposure to the industry proposed by degree apprenticeships seemed like the obvious solution.”

Capgemini, Apprenticeship Trailblazer

86% of employers said that apprentices helped to develop relevant skills for the organisation, and to fill the skills gap.

¹ Unless otherwise noted, figures are taken from N = 4004 employers.

[gov.uk/government/uploads/system/uploads/attachment_data/file/659710/Apprenticeships_evaluation_2017_employers.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/659710/Apprenticeships_evaluation_2017_employers.pdf)

² The Benefits of Apprenticeships to Business (2015), Centre for Economics and Business Research.

How to measure the benefits of apprenticeships

Understanding and measuring the impact of apprentices within your company does not have to be difficult or demanding. For instance, key performance indicators (KPIs) can be used to monitor apprentices performance during their apprenticeship. The same indicators can be used to compare and contrast apprentices performance with that of other staff as part of existing business processes.

How can you evaluate the benefits of apprenticeships?

Regularly analysing the performance and outcomes of your apprentices will allow you to see the current and future benefits to your business. Your performance metrics will depend on what is important in your specific business context. For example, if high staff turnover is an issue in your sector, you could track the length of time that apprentices remain with the business. If you have a significant skills gap, you can monitor the percentage of unfilled roles in the company, and whether apprentices are promoted to fill these positions. Some suggested metrics are in the box to the right.

For more advice and guidance on evaluating apprentices' performance, call (free phone) 08000 150 600 to speak to an adviser.

Track your apprentices success

- The percentage of apprentices who complete their apprenticeship.
- The percentage of apprentices offered a job with the business on completion of their apprenticeship.
- The percentage of apprentices still with the company three or five years after completing their apprenticeship, compared with overall staff turnover.
- The number of apprentices from socially disadvantaged backgrounds or who have a learning difficulty or disability compared with the total across the organisation.
- The percentage of employees who are promoted internally from former apprentices, particularly at senior levels.
- The number of unfilled skilled roles with the company and the percentage of skilled roles filled by former apprentices.
- The percentage of apprentices who are satisfied with their employer or their apprenticeship programme.
- Employee satisfaction over time, comparing apprentices and other staff.

What is the return on investment for apprenticeships?

Return on investment describes the profits that a company can make from an investment. In the case of investment in apprenticeships, businesses get a direct financial return on the up-front investment they make in training and staffing costs. Apprentices perform productive work while completing their apprenticeship, and there are savings to be gained from lower recruitment costs and lower salaries.³ For non-apprenticeship levy paying businesses, 90% of training costs for apprentices are government funded via co-investment.

There are also indirect financial returns arising from employing apprentices. For example; high staff morale is a known benefit of employing apprentices, as is increased productivity and therefore higher profits overall. Members of the public are also willing to spend more with businesses that they see as socially responsible, including apprentice employers.⁵

For an in-depth look at return on investment in apprenticeships, see:

- Employer Investment in Apprenticeships and Workplace Learning: The Fifth Net Benefits of Training to Employers Study, (2012) Department for Business, Innovation and Skills.
- The Benefits of Apprenticeships to Businesses, (2015) Centre for Economics and Business Research.
- The Rol of Apprenticeships, (2014) The Institute of the Motor Industry.

The Centre for Economics and Business Research calculated that on average an apprentice generated an **annual return of £1,670** in 2013 to 2014.⁴

Most apprenticeships generate a **net overall benefit** to the employer within a few years.⁶

Financial services firm Pepper first introduced apprenticeships in 2015. They measure the retention, progression and productivity of their employees. The apprentice's productivity marker is reached when workflow and quality assurance tracking systems demonstrate that apprentices are doing as good a job as more experienced staff. In the two years Pepper has been offering apprenticeships, it has found that apprentices are fully productive in eight months, with an estimated 18 months' retention required to break even on the investment, including the cost of training.

³ The National Minimum Wage for an apprentice is lower than for other staff. Seegov.uk/national-minimum-wage-rates for more details.

⁴ The Benefits of Apprenticeships to Business (2015), Centre for Economics and Business Research.

⁵ The Benefits of Apprenticeships to Business (2015), Centre for Economics and Business Research

⁶ Employer Investment in Apprenticeships and Workplace Learning: The Fifth Net Benefits of Training to Employers Study (2012), Department of Business, Innovation and Skills.

Case study ⁷

Improving staff retention

Whitbread is the UK's largest hotel, restaurant and coffee shop operator, with brands including Costa and Premier Inn. Like many hospitality companies, one of the biggest issues facing Whitbread is staff turnover.

"A key focus for Whitbread's apprenticeship programme is to improve staff retention, a business-critical challenge for the organisation," says Tim Douglas, Data and Funding Manager. "For entry level, back-office roles, turnover rates are approximately 55%. However, at apprenticeship level this is reduced to approximately 40% – a 15% improvement. For apprentices more generally, when calculating retention rates, nearly three quarters of apprentices stay with the company for more than 12 months, whereas just over a quarter of non-apprentices do."

Whitbread also find its apprenticeship programme valuable in providing an internal pipeline of talent to fill senior management positions. "At Whitbread, we continue to reap the benefits of apprenticeships, which is why we have such ambitious targets to recruit 1,500 more into the business over the next two years," says Tim.

A shortage of nurses is a significant area of challenge across the NHS. **Lancashire Teaching Hospitals NHS Foundation Trust** is one of the largest trusts in the north west of England. In 2016, the trust introduced a Level 3 pre-nursing apprenticeship.

Andrew Stone, Apprentice Business Manager, explains, "The shortage of nurses across the NHS is well known. But retaining nursing talent is also a problem. As a teaching hospital, we train a lot of student nurses who often return home or move to other parts of the country once their training is complete. By recruiting local candidates via an apprenticeship and offering the opportunity to continue their learning at university [in partnership with the University of Bolton], we hope to develop and retain local talent for the long-term."

⁷ For more great case studies and stories about how apprenticeships have benefitted businesses, see Apprenticeships that Work from the Chartered Institute of Personnel and Development. cipd.co.uk/knowledge/fundamentals/people/routes-work/apprenticeships-guide

Case study

Filling the skills gap

In 2008, **Siemens** became a training provider for its engineering apprenticeships, allowing them to develop and implement apprenticeships that are directly suited to the evolving needs of the business. Martin Hottass, General Manager Siemens Professional Education UK, comments, “With apprenticeships, we have the flexibility to ensure we can meet some of our current skills requirements, as well as build the relevant skills for the future”.⁸

Siemens has contributed to 10 Trailblazer standards for engineering, including a Level 6 Power Electronics apprenticeship and a Level 7 Power Engineering degree apprenticeship. They are continuing to work with the Institution of Engineering and Technology and other industry partners to develop the skills the industry needs. With a series of new apprenticeships in development, Siemens is helping to create apprenticeships that will help the business thrive as the industry continues to evolve. Martin says, “Apprenticeships are our life blood and have proven time and time again a positive long-term investment. We want to take full advantage of exploring new technologies and fields, as well as constantly improving and innovating as a business – apprenticeships help us do that.”

Nestlé decided to upskill around 75 of its existing staff using apprenticeships in 2017. Nestlé made the decision to offer apprenticeships to its internal staff because it believes the traditional view of apprenticeships as being for new entrants to the workforce no longer applies in the modern world.

Jill Coyle, Apprentice Programme Lead at Nestlé explains, “Standards are being written by industry, for industry, meaning we can provide flexible apprenticeships that benefit our employees at every stage in their career. We no longer live in a world where only young people can benefit from apprenticeships – now, the apprenticeship route offers a real opportunity to provide skills to all, as well as continual personal and professional development.”

⁸ Guidance for groups of employers (trailblazers) on proposing and developing a new apprenticeship standard (2017), Institute for Apprenticeships. [instituteforapprenticeships.org/developing-apprenticeships/how-to-develop-an-apprenticeship-standard-guide-for-trailblazers](https://www.instituteforapprenticeships.org/developing-apprenticeships/how-to-develop-an-apprenticeship-standard-guide-for-trailblazers)

Case study

Diversifying your workforce

The **Crown Prosecution Service** has been offering Level 2 and 3 Administration apprenticeships for the past five years. The decision to introduce apprenticeships came following a demographic review of the CPS workforce. The data gathered showed there was a significant lack of age diversity across the organisation, with just 1.3% of its workforce aged between 16 and 24. In light of this, apprenticeships were proposed as the best method to attract young, enthusiastic and fresh talent and an effective route to increasing diversity.

Debra Cheers, Senior HR Manager explains, "Diversity, in its many forms, is critical for our organisation. With just over 1% of our workforce being under the age of 25, we were missing out on the wealth of skills and attributes that young people can bring. They are motivated, have strong IT skills and bring innovative ideas. For example, one of our apprentices reduced the travel and accommodation debt for their area by 80%, another apprentice completed training for an online booking system. Following this, they trained staff and implemented the system, saving the organisation significant admin costs. It is tangible value such as this that apprentices bring to CPS."

In the past five years, CPS has significantly closed the age disparity within its workforce. In March 2017, the proportion of 16-24 year olds had risen from 1.3% to 5.1% of employees.

Introducing apprenticeships has also helped **Buckinghamshire Fire and Rescue Service** in increasing the diversity of its workforce. Charlie Turner, HR Project Manager, says, "Traditionally we have struggled with recruiting staff from a diverse range of backgrounds. However, we are keen to represent the communities we serve. Apprenticeships have given us a greater opportunity to go into the community and reach out to more women and more people from Black, Asian and Minority Ethnic (BAME) backgrounds and both raise their awareness of, and encourage them onto an apprenticeship."

Particularly amongst its operational staff, the fire service is beginning to see the positive effects of bringing in apprentices on the diversity of its workforce. In 2016/17, 6% of its operational employees were women, compared with just 3% in 2014/15, when the organisation did not offer operational apprenticeships. Likewise, in 2016/17, 2% of its operational staff were from BAME backgrounds, in comparison with less than 1% in 2014/15.

How can you maximise the benefits of apprenticeships?

Put apprenticeships at the heart of your workforce planning

Apprenticeships work best when they are embedded into the fabric of recruitment and workforce strategies. Apprenticeship standards are available across a range of business areas and sectors.

By choosing a combination of standards in areas across the organisation, you can tailor your apprenticeship offer to maximise the benefits, that are most important for your business. For example, 17% of employers in a surveyed said they offer higher and degree apprenticeships as part of their staff retention strategies, as these apprentices are more likely to commit to working with that employer in the long term.⁹

Become a Trailblazer

Trailblazers are employers who work with groups of other employers, providers and professional organisations to create new apprenticeship standards in their areas of expertise. Employers create the content and assessment materials for each standard, ensuring that the skills that apprentices learn are the ones that businesses will need in the future. Trailblazers are co-ordinated by the Institute for Apprenticeships – you can find all the details of how to get started on its website.¹⁰

Commit to widening participation and diversity

Research shows that companies that are diverse do better than those that are not. Businesses in the top quartile for racial and gender diversity significantly outperform their national industry averages.¹¹

A great way to widen participation is to introduce innovative approaches to apprentice recruitment, such as gender-balanced interview panels or anonymised CVs.

If you employ apprentices aged between 16 and 18, or apprentices aged between 19 and 24 with an Education, Health and Care Plan (EHCP),¹² you can get £1,000 per apprentice to put towards the cost of their training.

The **Apprenticeship Diversity Champions Network (ADCN)**, a network of employers committed to widening participation in apprenticeships, championing diversity and supporting greater social mobility. Its remit is to ensure apprenticeships are open to candidates from all backgrounds, and increase representation from ethnic minority candidates, women in science, technology, engineering and mathematics (STEM), candidates with learning difficulties or disabilities, and those from disadvantaged backgrounds. For more information, search for Apprenticeship Diversity Champions Network on GOV.UK.

⁹ Apprenticeships evaluation 2017: employers, Department for Education.

¹⁰ instituteforapprenticeships.org

¹¹ Why Diversity Matters (2013), McKinsey.

¹² EHCP is for children and young people aged up to 25 who need more support than is currently available through special educational needs support.

What can you do next?

Now that you've seen how apprenticeships can benefit your business, what can you do next?

– Put apprenticeships at the heart of your workforce planning

Apprenticeships work best when they are embedded into the fabric of recruitment and workforce strategies, with the full support of senior managers and the wider organisation. There has never been a better time to build an apprenticeship programme that is a key part of your workforce and your organisation's future growth.

– Get creative

Apprenticeships are no longer limited to traditional technical and manual roles. Standards are available across a range of business areas, including HR, administration, accountancy, ICT, legal services, logistics and finance. And at a number of different levels including higher and degree. By choosing a combination of standards in areas across the organisation, looking at the big picture of how your apprentices will function within the business long term, you can tailor your apprenticeship offer to maximise the benefits that are important for your business.

– Capture your returns

In order to demonstrate success and continuously improve, commit to monitoring the performance and long-term success of your apprentices within the business, as well as the direct and indirect returns the company achieves. See the section on How to Measure the Benefits of Apprenticeships for some hints and tips.

– Get involved

If you have specific skills needs that are not being filled, and an apprenticeship standard does not exist, get involved in designing standards as a Trailblazer. Trailblazers create the content and assessment materials for each standard, ensuring that the skills that apprentices learn are the ones that businesses will need in the future. Trailblazers are co-ordinated by the Institute for Apprenticeships – you can find all the details of how to get started on their website.¹³

¹³instituteforapprenticeships.org

– Commit to improving the diversity of your apprentices

Research shows that companies that are diverse do better than those that are not. Businesses in the top quartile for ethnicity and gender diversity significantly outperform their national industry averages.¹⁴ If you want to take action to improve the diversity of apprenticeships, whether around ethnicity, gender, age, social background or other characteristics, you can apply to join the Apprenticeship Diversity Champions Network, a network of employers committed to widening participation in apprenticeships. Find the details on GOV.UK.

To find out more about apprenticeships, search for 'employing an apprentice' on GOV.UK, call (free phone) 08000 150 600 to speak to an adviser, or email: nationalhelpdesk@apprenticeships.gov.uk

¹⁴Why Diversity Matters (2013), McKinsey.

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