



Department
for Business
Innovation & Skills

BIS RESEARCH PAPER NUMBER 174

Employer Investment in
Apprenticeships in the Health Sector

MAY 2014

RESEARCH

The views expressed in this report are the authors' and do not necessarily reflect those of the Department for Business, Innovation and Skills.

Department for Business, Innovation and Skills

1 Victoria Street

London SW1H 0ET

www.gov.uk/bis

Research paper number 174

May 2014

Contents

Contents	iii
Executive Summary	v
1. Investing in Apprenticeships	10
2. Method	15
3. Clinical Support Roles	19
4. Business Administration.....	33
5. Engineering	42
6. Recouping the Investment in Apprenticeships.....	46

The study has benefited from the assistance of Martin Ward (National Apprenticeship Survey), Vikki McAuley (BIS), and Amanda Shobrook (NHS).

At IER, Faye Padfield arranged the fieldwork interviews and generally assisted with the overall administration of the project. The study would have been much the worse without her contribution. At IFF Research, Briony Gunstone and Mark Winterbotham conducted several of the employer case studies.

The authors of the study would also like to express their particular thanks to the interviewees at various NHS Trusts who helped arrange the case studies, generously gave their time in answering numerous questions, and diligently provided the detailed information requested by the research team.

The responsibility for the report rests with the authors at IER.

Beate Baldauf
Lynn Gambin
Terence Hogarth

Executive Summary

The Study

During 2010 / 11, the University of Warwick Institute for Employment Research (IER) and IFF Research Ltd conducted the Fifth Net Benefits of Apprenticeship to Employers study. This study uses a common method to estimate the employer's net cost of Apprenticeship training in the health sector and the period over which the investment in Apprenticeships is likely to be recouped.

The current study is an extension to the Fifth Net Benefits of Apprenticeships which looks at the costs of three broad frameworks delivered within the National Health Service (NHS):

1. clinical support roles (e.g. nursing support roles);
2. business administration;
3. engineering.

These were conducted through 24 employer case studies – principally hospitals / NHS Trusts – which delivered one or more of the above Frameworks.

Aims and Objectives

The overall aims and objectives of the study were to:

1. undertake semi-structured interviews with employers in the health sector (complementing the range of sectors in the Fifth Net Benefits of Apprenticeships study) to explore levels and types of investment in Apprenticeships;
2. establish the current levels of employer investment in Apprenticeships in the health sector under a number of different sector/Frameworks;
3. gauge employers' views on their investment and reaction to the planned funding changes, particularly for Level 3 for those aged over 24 years, and the impact funding arrangements may have on employer investment;
4. consider the potential impact of proposed funding changes from employers' perspectives.

Apprenticeships in the Health Service

Whilst some of the case study establishments had previous experience of delivering Apprenticeships in areas such as engineering, it was over the last two years or so that the number of apprentices had substantially increased in the health sector. This

took place simultaneously with the take up of Apprenticeships in a wider range of health related activities than hitherto.

For the case study establishments which participated in the study, the provision of clinical related Apprenticeships marked a new development which potentially provided a new entry pathway into a range of clinical-support occupations.

The substantial increase in the number of Apprenticeships starts in the health sector was due, at least in part, to the actions pursued by the Department of Health (DoH) and the National Apprenticeship Service (NAS) in promoting and funding Apprenticeships in the health sector.

If the Trusts were to be increasingly responsible for the funding of Apprenticeships then their continued engagement and the scale of any engagement would be dependent, amongst other things, upon evidence which demonstrated their benefits to the health sector.

The Apprentices

Apprenticeships were being delivered to both existing employees - though some may have been with the organisation for a relatively short spell of time others had been with it for a long-time – and to new recruits who had been taken on specifically as apprentices.

Where apprentices were new recruits it was not uncommon for them to be employed on contracts which lasted for the duration of the Apprenticeship. The employer tended to think that they would be eventually recruited by the NHS into permanent jobs, if not in the hospital in which they were trained, then at least somewhere else in the local health service. In this way the investment made by employer was captured by the health service if not necessarily by the Trust which trained the individual.

Providing a contract for the duration of the training was seen by some employers as a way of minimising the risk attached to their decision to take-on an apprentice.

The Benefits of Apprenticeships

A number of benefits which employer derived from the engaging in Apprenticeships were identified:

1. widening the pool of people who might enter into employment in the NHS by establishing a vocational pathway into several occupations;
2. as a brand or standard, Apprenticeship was seen as proving attractive to certain groups of individuals who might be less attracted to school-based learning;

3. increasing the flow of young people into the NHS given that some case study establishments had an ageing workforce and were concerned about future skill shortages;
4. providing existing employees with a structured learning programme leading to Level 2 and 3 qualifications as part of their continuing professional development;
5. providing a programme of training which, while providing the apprentice with valuable transferable skills, also gave scope to the employer to ensure that its training needs were met;
6. providing a form of training which allowed the employer to pass on the values of the organisation to young people by being able to build this into the training;
7. introducing new ideas into the workplace especially in relation to ICT. There was some concern that an ageing workforce might have become stuck in their ways and needed exposure to the new ways of working. Because apprentices were exposed to new ideas in their Apprenticeship training, there was the potential for the apprentices to pass on these to their work colleagues

The Employer's Costs

The table below indicates the net costs to the employer of training an individual apprentice under one of the three broad sector / Frameworks which were the focus of the study. It is notable that employers in relation to clinical and business administration Apprenticeships at Level 2 accrue a surplus. In the case of clinical support Apprenticeships this might be regarded as more or less break even. It should be noted that where a surplus arises this is an accounting surplus rather than a cash surplus as it relates to the difference in the estimated productive contribution of the apprentice (*i.e.* the notional value of the work they undertake) minus wage and training costs.

Estimated Net Costs of Training to the Employer

Broad Framework	Level 2	Level 3
Clinical Support	-£750	£6,200
Business Administration	-£1,700	£5,400
Engineering	£10,100	

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector 2012

Note: All figures rounded to the nearest £50

At Level 3 and at Level 2 in engineering – which is based on a single case study so a degree of caution is required in looking at the engineering results – there are net costs accruing to the employer. But even where net costs accrue the evidence indicates that these can be recouped quite quickly as the table below indicates.

Estimated Payback Periods to Recoup the Net Costs of Training

Broad Framework	Level 2	Level 3
Clinical	N/A	1 year, 7 months
Business Administration	N/A	1 year
Engineering	1 year, 1 month	

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector 2012

The information on payback periods indicates that where a net cost emerges to the employer, the employer should be able to recoup those costs within approximately one to one and a half years of the Apprenticeship being completed. This assumes that the employer – defined with respect to an individual hospital, Trust, or the NHS – retains the former apprentice in employment over that period.

The Employer's Sensitivity to Training Costs

For line managers the issue of cost kept arising in their deliberations about the sustainability of the various Apprenticeship programmes. For example, when asked about what would happen if the costs to the Trusts of delivering an Apprenticeship were to increase the general response was that it would lead to a reduced number of apprentices being recurrently taken-on.

There was considered to be little scope for further cost reductions. A number of points were made by the case study respondents in this regard:

1. there was no scope for reducing wages because these would need to be centrally negotiated. In the case of newly recruited apprentices they were sometimes paid a training-wage which had been introduced to contain training costs and increase the number of apprentices;
2. there was little appetite to find an alternative training provider with lower costs, because in many instances the case study establishments had already been through a rigorous process to select their current provider;
3. there was little scope to deliver training more efficiently. The duration of training, for example, tended to be set externally;
4. passing on more of the cost to the apprentice was not considered feasible since many of the apprentices were in relatively low paid jobs. Training loans, for instance, were thought to be a likely disincentive to people on lower salaries to engage in training;
5. there might be scope for training to existing employees to be delivered through other programmes including ones which did not lead to an externally accredited qualification.

It needs to be borne in mind that apprentices who were newly recruited to the case study establishments were often aged 19 years or under, whereas many of the existing employees being trained *via* Apprenticeships were aged over 25 years. Accordingly, the changes in Apprenticeship funding are much more likely to affect the training of existing employees.

Conclusion

Trusts wanted to be convinced that investments in Apprenticeships were effective ones. There are two elements to this:

1. whether Apprenticeships deliver the skills the health service requires; and
2. whether the investment is seen as cost-effective.

The indicative evidence presented in this report suggests that employers were of the view that Apprenticeships delivered the skills they needed. In relation to the second point the evidence indicates that in most instances employers could recoup the costs of their training investment over one or two years should they retain the services of their former apprentices.

1. Investing in Apprenticeships

1.1 The Costs and Benefits of Apprenticeships in the Health Sector

During 2010 / 11, the University of Warwick Institute for Employment Research (IER) and IFF Research conducted the Fifth Net Benefits of Apprenticeship to Employers study.¹ That study was conducted through undertaking employer case studies across eight sectors / broad Frameworks:

1. engineering;
2. construction;
3. retailing;
4. hospitality;
5. transport and logistics;
6. financial services;
7. business administration (mainly in the public sector);
8. social care.

This report - based on a study which uses the same method as in the Fifth Net Benefits of Apprenticeships study - assesses the costs and benefits of delivering training under three broad frameworks within the National Health Service (NHS):

- clinical support roles (e.g. nursing support roles);
- business administration; and
- engineering.

The cost-benefit analysis was conducted through a series of employer case studies mainly conducted in hospitals. The study can be regarded as an extension to the Fifth Net Benefits of Apprenticeships to Employers study in that it provides a comparable set of results to those in that study.

¹ Hogarth, T., L. Gambin, M. Winterbotham, B. Baldauf, .G. Briscoe, B. Gunstone, C. Hasluck, C. Koerbitz, and C. Taylor (2012) *Employer Investment in Apprenticeships and Workplace Learning: the Fifth Net Costs of Apprenticeships to Employers Study*, BIS Research Paper No.67 <http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/e/12-814-employer-investment-in-apprenticeships-fifth-net-benefits-study.pdf>

1.2 The Policy Context

Before going on to provide further information about Apprenticeships in the health sector, consideration is given to the wider policy context in which employers make decisions about investing in this form of training.

Currently the State funds workplace learning through Apprenticeships by providing: (a) the learning and skills infrastructure (e.g. the Sector Skills Councils' role in developing Apprenticeship frameworks, the National Apprenticeship Service, the qualifications framework, etc.) and; (b) meeting the costs of the training provider in delivering the training required by a particular Framework. The State's key role is also observed in other countries with substantial intermediate vocational education and training (VET) systems.²

Where there has been more discussion is with respect to the relative shares met by the State, the employer, and the apprentice. Over the past ten years there has been an increasing obligation on training providers to obtain from employers a contribution towards the cost of the training they provide where the apprentice is aged over 19 years - with some exceptions - insofar as the State has met only fifty per cent of the full cost of training for a given programme.³ In future, the State will no longer meet the costs of Level 3 training for those aged over 24 years at the start of their Apprenticeship. Either the employer or the individual apprentice - or some combination of both - will need to meet the costs of that training. The State will provide a system of training loans to individuals to meet the costs of their training previously funded by the State.⁴ The model will work along the lines of that in the higher education sector where loans are provided by a student loans organisation and repayment of the loan starts only where the employee's wage exceeds £21,000 a year. Any outstanding balances will be written off after 30 years.

The Government's plans to redistribute the costs of training between employers, individuals, and the State has taken place alongside moves to both increase the number of Apprenticeship starts and the quality of training provision. Over the recent past there has been a sharp increase in the number of starts. At the same time, with the introduction of the Apprenticeships, Skills, Children and Learning (ASCL) Act 2009 and changes to the Specification of Apprenticeship Standards for England (SASE), there has been a move to assure the quality of Apprenticeship training with, for example, the specification of the minimum number of guided learning hours.

² Vogler-Ludwig, K. H. Giernalczyk, L. Stock and T Hogarth (2012) *International Approaches to the Development of Intermediate Level Skills and Apprenticeships: Synthesis Report*. UK Commission for Employment and Skills, Evidence Report 43 – Volume 1

³ The Banks Review suggested that there should be a cash transfer between employer and training provider rather than the acceptance of gifts in kind – see Banks Review (2010) *Independent Review of Fees and Co-Funding in Further Education in England: Co-investment in the skills of the future*, Report to BIS

⁴ BIS (2011) *New Challenges, New Changes: Next Steps in Implementing the Further Education Reform Programme*, BIS: London

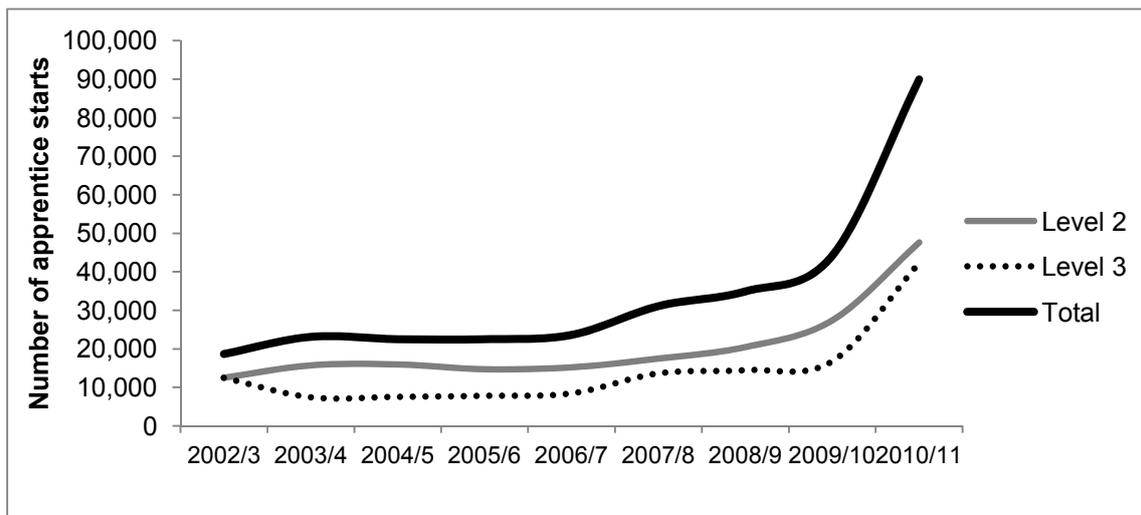
The above changes in policy need to be seen in the light of the research evidence which suggests that investing in Apprenticeships provides a positive return to the employer.⁵

1.3 Apprenticeships in the Health Sector

In the health sector there have been policy initiatives designed to increase the number of apprentices. The Department of Health provided Strategic Health Authorities (SHAs) with pump priming funding to stimulate the take up of Apprenticeships within the NHS. This size of this investment was around £50m.

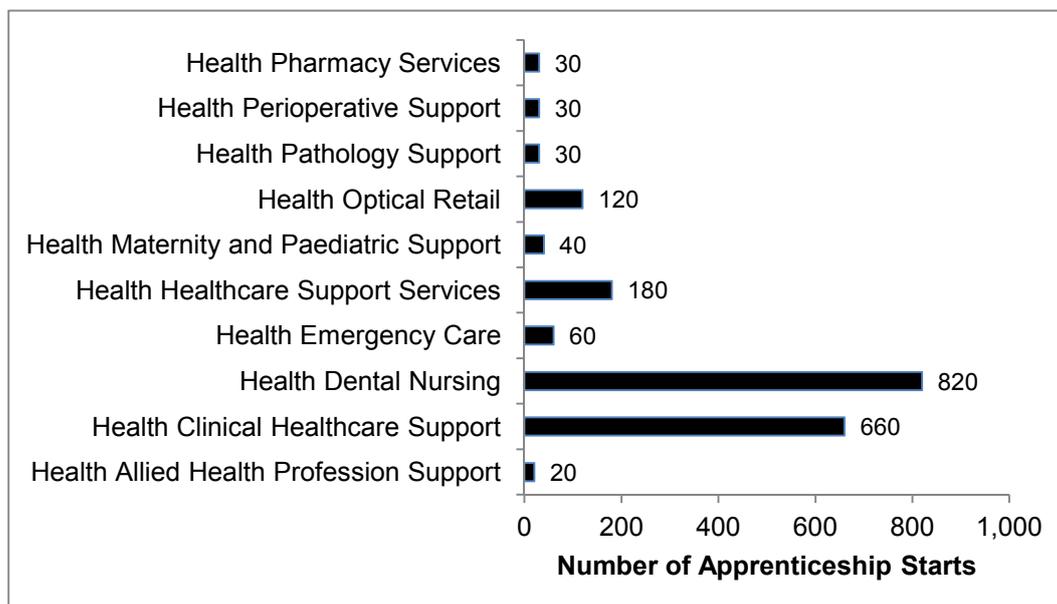
The number of health related Apprenticeships has substantially increased over recent years (see Figure 1.1). The majority of Apprenticeships have been in Health and Social Care – there were 52,500 starts in 2010/11 – many of which are associated with the care sector (*i.e.* in care homes). In contrast, there were 2,000 starts in health related Apprenticeships (see Figure 1.2).

Figure 1.1: Apprenticeship Starts in Health, Public Services and Care Sector Frameworks



Source: Data Service Statistical First Release March 2012

⁵ National Audit Office (2012) *Adult Apprenticeships*. Report by the Comptroller and Auditor General http://www.nao.org.uk/publications/1012/adult_apprenticeships.aspx; McIntosh, S. (2009). The Economic Value of Intermediate Vocational Education and Qualifications, UKCES, Evidence Report 2011, December 2009

Figure 1.2: Apprenticeship Starts in Health Related Frameworks (2010/11)

Source: Data Service Statistical First Release March 2012

Whilst this report is concerned with health related Apprenticeships, they are not the only ones of interest. The NHS also has a demand, amongst other things, for apprentices to work in business administration and engineering to fulfil a range of essential functions within the health service. Accordingly the study looks at these Frameworks too alongside the health specific ones and, where possible, provides a comparison of the results reported in the Fifth Net Costs of Apprenticeships to Employers study for the same Frameworks.

1.4 Aims and Objectives

The overall aims and objectives of the study were to:

1. undertake semi-structured interviews with employers in the health sector (complementing the range of sectors in the Fifth Net Benefits of Apprenticeships study) to explore levels and types of investment in Apprenticeships;
2. establish the current levels of employer investment in Apprenticeships in the health sector under a number of different sector / Frameworks;
3. gauge employers' views on their investment and reaction to the planned funding changes, particularly for Level 3 for those aged over 24 years, and the impact funding arrangements may have on employer investment;
4. consider the potential impact of proposed funding changes from employers' perspectives.

1.5 Structure of Report

The report is structured as follows. Chapter 2 outlines the method and the particular Frameworks and sectors within scope of the study. Chapters 3 to 5 provide the findings for each of the Frameworks covered. Chapter 6 provides an estimate of the payback periods for Apprenticeships, explores employers' sensitivity to training costs, and their rationale for investing in Apprenticeships.

2. Method

2.1 Overall Approach

The study is based on 24 employer case studies which looked at the following sector/Frameworks:

1. clinical support roles (mainly related to nursing support roles);
2. business administration;
3. engineering;

Table 2.1 shows the 24 case studies which were conducted. These were undertaken across four Strategic Health Authorities (SHAs) in different parts of England.

Table 2.1: Employer Case Studies

Broad Framework	Number of Employer Case Studies	Level 2	Level 3	Level 2&3
Clinical	14	8	8	2
Business Administration	9	6	5	2
Engineering	1	1		
Total	24	15	13	4

2.2 Conducting the Employer Case Studies

The selection of case studies was achieved through discussions with Apprenticeship leads in selected SHAs who all suggested particular establishments which would be interested in participating in the study.

The principal management respondent in the case studies was the person responsible for managing apprentices within the workplace (typically a hospital). A semi-structured interview schedule was used to collect information.⁶ This comprised the following sections:

1. background information about the establishment's training structures;
2. details about the Apprenticeship which formed the focus of the case study;
3. the establishments' training decisions and why they invested in Apprenticeships;
4. details of the structure of training leading to the completion of an Apprenticeship;
5. the sensitivity of employers' training decisions to the cost of training (and how employers might respond to a need to meet an increased share of the costs currently met *via* the training provider);
6. employers' views about how they might respond to the apprentice taking out a loan to cover the costs of training;
7. employers' relationships with their training provider.

2.3 Estimating Training Costs and Employer Sensitivity to Costs

At its core the study needs to provide an estimate of employers' current levels of investment in Apprenticeships and gauge the sensitivity of that investment to changes in the learning and skills system (*c.f.* the changes outlined in: (a) the latest guidance note on Specification of Apprenticeship Standards for England, and (b) Apprenticeship Funding Requirements 2010/11).

To estimate the employer's contribution to the total cost of training the IER method of estimating the employer's training costs was used.⁷ This is based on:

- identifying the costs of training:
 - apprentices' labour costs;
 - the cost of supervision from training managers, first line managers, and supervisors (measured by how much time they spend training multiplied by their wage costs);
 - other costs (such as training materials, cost of recruiting apprentices, *etc.*);
- identifying benefits of training:
 - the productive contribution of the apprentice over the entire period of training. This is measured by the proportion of the fully experienced worker's job the apprentice can complete in each year of the Apprenticeship. This is then

⁶ Annex B in Hogarth *et al.*, (2012) provides the semi-structured interview schedule

⁷ Annex C in Hogarth *et al.*, (2012) provides the accounting framework used in previous studies (see footnote 1 for full reference).

multiplied by the wage costs of the fully experienced worker. The calculation takes account of the fact that the apprentice may spend time away from the workplace when no productive contribution is made.

The benefits of training are then subtracted from the cost to give an indication of the total cost/benefit to the employer. This figure is weighted by the level of drop-out in recognition that the employer has to train, in some instances, more than one apprentice to end up with one successfully completing the training.

In exploring what the employer would do if they were expected to meet all or half of the cost of Apprenticeships currently met by the State specific issues were addressed in the case study interviews. These included:

1. whether there would be no action because the current financial contribution of the employer meets the contribution they might be expected to make to the training provider (if public funding to the training provider is reduced);
2. employers absorbing the additional training cost without any impact on the volume or structure of training undertaken;
3. employers looking to achieve efficiency savings to reduce the impact of any additional costs (e.g. reducing the duration an Apprenticeship, seeking out new training providers, changing the structure of training, etc.);
4. a reduction in the number of apprentices recruited;
5. employers shifting from Apprenticeship to some other form of workplace learning;
6. shifting some of the costs of training on to full-time education (e.g. by recruiting apprentices at an older age after they have completed a full-time education course which gives the apprentice exemptions from completing certain parts of the Apprenticeship);
7. withdrawal from the provision of the initial or continuing vocational education and training.

2.4 Estimating Employer Payback Periods

As part of the study an estimate has been provided of the period over which employers can recoup their investments in Apprenticeship training. The payback estimate is based on the method developed in the previous IER Net Benefits of Training Studies which adopted the following approach:⁸

- it is assumed that the wage increase observed between the start and of the end of the Apprenticeship represents an increase in productive capacity produced as a consequence of training;

⁸ A technical exposition of the method used can be found in: Gambin, L.; C. Hasluck, and T. Hogarth (2010) 'Recouping the costs of Apprenticeship training: employer case study evidence from England', *Empirical Research in Vocational Training*, Vol. 2, No. 2, pp. 127-146(20)

- it is further assumed that this increase in productivity represents only part of the gain to the employer since employers will have a mark-up on the wages they pay to their employees (in order to generate a surplus). It is assumed that the increase in productivity is shared between the employer and employee;
- the net present value of the Apprenticeship is equal to the net cost of training an apprentice minus the increase in productive contribution discounted according to the time preferences of the employer.

In this way it is possible to estimate the time taken for the employer to recoup their investments in Apprenticeships. But note that the payback periods are indicative and, as can be seen from the above synopsis, a number of assumptions are made in their calculation. This is considered in more detail in Chapter 6.

2.5 A Note of Caution

The study is based on a limited number of employer case studies (24 in total). The data should be regarded as indicative of employers' training costs and their rationales for training. Nevertheless, the case studies provide in-depth insights into the rationales which guide employers' decisions regarding their investments in Apprenticeships and how employers structure training within a given Framework.

3. Clinical Support Roles

3.1 Introduction

The case studies were all conducted in hospitals; for the most part these were large hospitals in major cities but included a few smaller specialist health centres (see Table 3.1). Most of the case study establishments reported that the introduction of Apprenticeships in clinical support roles was a relatively recent development in the NHS. Clinical support roles, in this instance, have been defined principally with reference to training which leads to being qualified in health care to provide nursing support on a hospital ward or in a clinic. There were also examples in the case studies of where apprentices were being trained to work in particular departments such as pharmacy, pathology, and audiology.

Table 3.1: Case Study Employers

Case Study	Level of Apprenticeship	Description of clinical support role
Clinical Case Study No.1	Level 3	Nursing support
Clinical Case Study No.2	Level 3	Nursing support
Clinical Case Study No.3	Level 3	Nursing support
Clinical Case Study No.4	Level 2 / 3	Nursing support
Clinical Case Study No.5	Level 2	Nursing support
Clinical Case Study No.6	Level 3	Nursing support and specialist clinical support roles
Clinical Case Study No.7	Level 2 / 3	Specialist clinical support
Clinical Case Study No.8	Level 2	Nursing support
Clinical Case Study No.9	Level 3	Nursing support
Clinical Case Study No.10	Level 2	Nursing support
Clinical Case Study No.11	Level 2	Nursing support
Clinical Case Study No.12	Level 2	Nursing support
Clinical Case Study No.13	Level 3	Nursing support
Clinical Case Study No.14	Level 3	Nursing support

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector 2012

The case studies were more or less evenly divided between those at Level 2 and Level 3. As will become apparent below the Apprenticeships were, in some instances, seen as the start of a process which could lead, potentially, to the apprentice completing a Level 4

qualification possibly *via* an Apprenticeship. Respondents were quick to point out that the Apprenticeship, where it was related to nursing, was not a direct route to becoming a nurse. At the very least a Level 4 qualification would be required to become a nurse. Nevertheless, Apprenticeships were seen as part of a process which could potentially lead to opening up the vocational pathway to various occupations to which entry is currently restricted to those qualified at Level 4. At the time the study was conducted Level 4 Apprenticeships in health were still in the process of being developed.

3.2 The Training Decision

At the time the study was conducted there had been an initiative to increase the take-up of Apprenticeships in the NHS funded by the Department of Health. Several respondents described this, in many respects, as pump priming money which would allow health service establishments to observe the benefits of recruiting apprentices. Once this funding was spent, it would be the responsibility of individual Trusts, or individual hospitals within them, to fund Apprenticeships. In all of the clinical case studies there was a desire to continue with Apprenticeships – as noted earlier they formed part of the a strategic plan to create a vocational pathway into selected healthcare occupations – but often a business case was needed in order to do so.

In several of the case studies relating to clinical support roles, people often were recruited from the external labour market, though there were also cases of existing staff being trained to either Level 2 or Level 3. Where a person was an existing employee the decision was not whether to train or not, because employees in the NHS have ongoing access to continuing professional development and training, but whether an Apprenticeship was preferable to, for example, training towards an NVQ. Generally, the Apprenticeship was seen as offering something additional to just an NVQ, such as the emphasis it gave to functional skills.

With respect to the recruitment of new recruits the training decision was seen to comprise a number of elements:

1. recognition that Apprenticeships provide a high quality training entry pathway into the sector. Respondents also said that they can closely monitor the training provided and ensure that it meets the needs of both the organisation and the various professional standards associated with a given occupation;
2. a desire to open up a vocational pathway to health care occupations in order to widen potential skills supply. At least one respondent mentioned that with the introduction of higher tuition fees in higher education (HE) this might result in this source of nursing skills supply becoming constrained at some point in the future;
3. a drive to recruit and train more younger people given the ageing of various Trusts' workforces;
4. corporate social responsibility and a need to ensure that young people, in particular, have access to high quality training whilst being in employment. Apprenticeships were seen as providing young people with a solid base upon which they could develop their careers.

Often many, or all, of the above decision making factors were apparent in the decisions to recruit apprentices across all of the case study establishments. Ultimately, it was a decision for Trust management, and often departmental managers, whether or not to invest in Apprenticeships where it led to the recruitment of new employees. The actual practicalities of making the training decision was described in the following terms at Clinical Case Study N^o2 (see *box*).

Clinical Case Study No.2
Nursing support Apprenticeships

The training to be undertaken by existing employees was agreed between employees and their line managers as part of their annual assessment/review. There was scope for existing employees to undertake Apprenticeships amongst other programmes. Training departments, however, placed some constraints on the decisions made by line managers. If, for example, employees failed to complete a particular training programme, the cost of that training would have to be met by their department rather than the central training budget. Accordingly, line managers were circumspect with respect to who they selected for an Apprenticeship. If a person already possessed a qualification at a given level they could not undertake another programme at the same level.

The situation regarding new recruits was different. Where a new recruit was taken on as an apprentice this was solely the responsibility of the departmental manager. If they had a vacancy the department managers could decide to fill the post with a fully experienced worker or they could decide to take on one or more apprentices. There were strong incentives to take on an apprentice because they were paid around half that of a fully experienced member of staff in the job they were training to fill, though the apprentice would spend one-day a week at college, and their productivity was lower over the training period. But it also needs to be borne in mind that the recruitment of a fully experienced worker did not always work out as expected.

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector Study 2012

In some instances it had been existing employees who had been the first to benefit from the opportunities to embark on Apprenticeships. This was driven by the desire to keep staff motivated by providing workforce development opportunities. The case study below provides details of an organisation where the drive to provide workforce development opportunities to employees on NHS Pay Bands 1 to 4 led to an expansion of Apprenticeships (see *box*). Initially, Apprenticeships had been delivered to existing employees but as the stock of existing employees who had not completed an Apprenticeship declined, Apprenticeships were increasingly offered to new recruits.

Clinical Case Study No.2 Nursing support Apprenticeships

The Trust first became involved in Apprenticeship training a few years ago. It had launched a new Apprenticeship programme which encompassed: (a) offering staff without a Level 2 qualification the opportunity to undertake an Apprenticeship; (b) persuading departmental managers to consider advertising all Band 1-4 vacancies as potential Apprenticeship opportunities; and (iii) actively promoting progression opportunities for those who have completed their Apprenticeship.

Since its launch more than 100 people, working towards completion of a number of frameworks, including health care assistants, have completed an Apprenticeship. In the first year, the Apprenticeship had been offered predominantly to existing staff (all aged 25 years or older). As many existing staff have now completed an Apprenticeship at Level 2, the Trust is in a position to support new members of staff undertake an Apprenticeship. This would be achieved, as mentioned above, by persuading line managers to advertise all vacancies at Bands 1 – 4 as Apprenticeships.

Source: IER / IFF The Employer Net Benefit of Training Study 2012

Another Trust adopted a policy that all new nursing support workers needed to have a qualification. Consequently, they put all new healthcare assistants on an Apprenticeship programme. While pockets of good training practice existed before, the Apprenticeship ensures that all training meets common standards.

3.3 Recruitment and Retention

Recruitment

In general, where individuals were existing employees they tended to be over 25 years of age at the start of their Apprenticeships. Where Apprenticeships were delivered to existing staff, recruitment to the Apprenticeship was typically through the annual appraisal / review system. Clinical Case Study No.3 is illustrative of this (see box).

Clinical Case Study No.3 Nursing support Apprenticeships

Once all existing staff had been trained up to Level 3, recruitment would become increasingly focussed on new recruits.

There was a rolling programme of Apprenticeships in the organisation with new waves of starters approximately every six months. Normally the organisation would expect would-be apprentices to have a Level 1 qualification in Mathematics and English. The organisation also likes to minimise its risk of non-completion by ensuring that any apprentices have demonstrated dedication to their job before starting their training.

Until recently the organisation has struggled to find in-house candidates for Apprenticeships because: (a) managers were reluctant to put people forward for training where workloads were already high; and (b) individual staff members seemed reluctant to put themselves forward. Accordingly, the organisation had engaged in a wide range of activity to ensure that people put themselves forward including: developing a dedicated in-house Apprenticeship webpages; providing online leaflets; display stands outside the canteen; and hosting career development workshops. This had been considered successful in increasing interest in Apprenticeships.

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector Study 2012

Individuals recruited from the external labour market were of all ages, but there was a tendency for organisations to say that on balance they were aged under 25 years of age. Where people were recruited from the external labour market there was a desire, in some instances, to take on young people since, potentially, there would be a longer period of time over which the returns from any training investment made by the employer could be appropriated. Given high levels of youth unemployment in many of the areas in which the case studies were conducted, there was also a desire to assist young people by giving them employment in conjunction with training. In practice, however, people of all ages were eventually recruited.

It should be noted, by way of context, that historically Trusts would recruit people usually aged 18 years and over given the nature of the employment on offer. Thus the recruitment of 16-18 year olds was a new experience for some of the employers.

In some instances, but not all, employers and trade unions agreed that apprentices could be paid a training-wage rather than the wage commensurate with a Band 1 or 2 NHS post. The rationale here was that by reducing wage costs whilst training more apprentices could be recruited and trained. Where this occurred weekly wages were around £100 a week. Upon completion of the training, employment would be paid on one of the NHS salary bands. The difference in pay levels between apprentices and fully experienced workers, as well as the difference between their respective productive contributions (and, concomitantly, levels of supervision required) in the workplace, resulted in differences in the overall net costs between existing staff and new recruits being trained.

Where a training-wage was paid there was often no guarantee that permanent employment would be provided at the end of the formal training period. It was, however, expected that most if not all, would be able to either obtain employment in the current establishment, with the same Trust, or in another health service establishment. Respondents appeared to be quite sanguine about their particular establishment recouping the benefits of any training – so long as the benefits outweighed the costs and the former apprentices deployed their skills somewhere in the NHS then this was seen as a positive outcome. That said, most respondents wanted to retain their apprentices within the existing establishment or Trust. Suitable apprentices, upon completion of their training, if not offered permanent employment in an existing post would form part of the case study establishment's skills bank whereby individuals in the skills bank are contacted about upcoming vacancies.

The case study organisations reported that they had a good pool of applicants from which to recruit the number and quality of apprentices they required from the external labour market. This was regarded as being a product of relatively weak conditions in the local labour market. One Trust observed that the "caliber of applicants is getting higher" as people may be looking for alternatives to going to university given the recent fee increases. One Trust received 90 applications for 11 places, and would have liked to offer at least a further five applicants an Apprenticeship. On a similar note, another Trust observed a recent tendency to take on people with a better academic background than those recruited hitherto. There was concern expressed by one respondent that this might have displaced those who "...would have made excellent young health care workers and who would have been very interested to stay in the job" but who would not pass the selection criteria.

Retention and Progression

Given that Apprenticeships in clinical support roles were a relatively new initiative some respondents had relatively little data on completion and post-completion retention levels. Where data were available the completion rate varied from 80 per cent to 100 per cent. Drop-out occurred because: (a) apprentices realised that they wanted to do something else (including going back into full-time education); (b) poor performance or poor attendance; or (c) because apprentices could not meet their obligations outside of work and meet the demands of the Apprenticeship. Where apprentices were unable to complete for one reason or another, they were sometimes provided with other training options which were considered more suitable to them (depending upon the reason why they were unable to complete).

There was little information about what happened to people after they completed their Apprenticeships. That said, all respondents expected their apprentices would complete their training and then find employment within the Trust or NHS more widely. But it was pointed out that there was a joined-up process to ensure that successful completers found employment within the Trust in very many instances. Some may be able to stay on the ward or within their existing department whilst others find a post elsewhere in the Trust or transfer to the Trust's skill bank. Respondents commented that having received a good reference from the ward or the hospital, and having achieved the Framework, ensures that former apprentices are likely to enter employment upon completion. Apprentices were informed about Band 2 vacancies and if they wanted to apply for them they are guaranteed a job interview. The various Trusts may also offer additional support, such as access to application and interview training.

Some information about the employment situation of the apprentices from the case studies is provided in the box below.

Clinical Case Study No.8 Nursing support Apprenticeships

At this hospital many apprentices were able to obtain permanent employment – sometimes via the Skills Bank – within the hospital or other health establishments nearby. As a rural area it was sometimes difficult to find suitable applicants, but apprentices tended to be highly recommended by existing staff when they applied for jobs.

Since the health care assistant role is changing there are now opportunities in a wider range of settings (e.g. GP surgeries, community care and intermediate care teams). Trainers at the establishment see these changes first hand when assessing a variety of staff and pass on this information to apprentices. So apprentices are able to consider job opportunities from a wider range of sources than they might have been aware of previously. There is also a message board in the training centre advertising job opportunities.

Of the recent 16-strong cohort of apprentices 14 had obtained permanent jobs. There was reported to be no shortage of jobs in health and social care. The location – which was popular with older people - was said to be an advantage due to the demand for domiciliary care and mobile care.

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector Study 2012

An illustrative example of the journey of a former apprentice from recruitment to employment is provided in the box below.

Clinical Case Study No.4
Nursing support Apprenticeships

When the former apprentice started his Apprenticeship as a health care assistant at Level 2 he was in his early twenties having completed his A-levels. He found the advertisement in the job pages of a local newspaper and seized the opportunity as the Apprenticeship offered him the chance to gain the essential practical experience required in the type of jobs he was seeking.

While he was nervous at the beginning, partly because he was working in a “difficult unit”, he felt well supported by the Learning and Development department, the staff team he worked with, and his mentor on the ward. He has become more confident as a result of the training and the support provided.

Eight months into his one-year Apprenticeship he was offered a short-term contract in the department in which he was training in order to fill in for a member of staff on long-term leave, while continuing with his college day-release in order to complete the Apprenticeship. He was hopeful of gaining a permanent job on one of the hospital’s wards when one became available having gained nearly six month experience in the job to date.

The Apprenticeship had also opened up the range of career opportunities in the health service. Whilst he had originally wanted to be a nurse, he was now considering a wider range of careers in health.

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector Study 2012

The example below further illustrates the way in which career openings arose in the course of completing an Apprenticeship (see box).

Clinical Case Study No.7
Clinical support roles (other than nursing support roles)

The new apprentice was originally taken on at Level 2 on a 12-month training-wage contract and then, upon completion, transferred to a Level 3 (of 18 months’ duration). Care was taken to provide good all-round NVQ training in-house which met the department’s needs, with the functional skills and the technical certificate provided by a local college.

The apprentice has already moved into a permanent post in the department - three months ahead of completing the Level 3 Apprenticeship – with the potential to progress to a Foundation Degree.

Having seen the benefits of the Apprenticeship and having had a good experience of it, the department wants to take on two new apprentices at Level 3. The supervision time required was an initial departmental concern but it was found that it eases itself after a couple of months.

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector Study 2012

The examples above show how people progress from Level 2 to 3 with the potential to go onto a Foundation Degree. It also needs to be borne in mind that once they are able to obtain a permanent position with the health service there a wide variety of progression routes (e.g. career escalators) which allow people to fully develop their careers. As noted in the introduction to the report, in many respects the health service had aspirations that Apprenticeships would (re)open a workplace based vocational training route to occupations which require a Level 4 qualification for entry. Over time, therefore, Apprenticeships may provide the springboard for access to a wide variety of careers in health.

3.4 The Structure of Training

Training at Level 2 took between one year and eighteen months to complete and the same at Level 3. In the cost-benefit calculations the training period has been standardised at one year in both instances.

In general, training was highly structured including extensive periods of off-the-job training and one-to-one supervision and review by line managers. The example of Clinical Case Study N^o.2 provides an example of how training was structured in the case of new recruits (see box).

Clinical Case Study No.2 Nursing support Apprenticeships

The Apprenticeship is run through a training provider based in-house though they still made use of a local college to deliver off-the-job training,

Apprentices spend one day a week at college for the first month, and then one-day every two weeks for the remainder of the Apprenticeship. Most of the remaining training is provided on-the-job.

The Apprenticeship is designed to last for 18 months but the hospital finds that its apprentices have successfully completed at 12 months.

Line managers receive regular reports on all apprentices relating to both their off- and on-the-job training. If problems arise, such as poor progress in functional skills, the hospital will intervene and introduce whatever measures are necessary to ensure that the apprentice maintains a suitable rate of progress.

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector Study 2012

The training structure for Apprenticeships varied in the amount of time spent off-the-job training (higher for new recruits with a temporary contract) but the general structure was as follows:

- apprentices regularly attended college or an NHS training centre for one day a week; or
- apprentices have ten days block release on site or at college (one week each for numeracy and literacy skills). One Trust also specified that apprentices have at least one hour a week for self-study/own development (e.g. studying in the library) and in addition they also received 1.5 hours every three weeks, as a minimum, to work with their assessor on a one-to-one basis or, on occasions, in a group, to review their progress.

In the case study organisations the whole Apprenticeship package was found to be beneficial rather than particular elements which comprised it. One Trust maintained that the functional skills element supported the Trust in its ambition that all staff are qualified to Level 2 at a minimum. Moreover, the way the programme is set up so that it automatically includes hard-to-reach staff who do not want to draw attention to the fact that they require support with their functional skills was thought to be beneficial. The Trust's provider noted that people in the intermediate Apprenticeship may have the theoretical knowledge in

mathematics but had little experience, or were somewhat anxious about, using their numeracy skills in practice. The functional skills element of the Apprenticeship assisted them with this.

There is evidence that the health service regularly reviews its use of training providers to ensure that they obtain the optimal mix of best value and the quality of training they need. The evidence also suggests that hospitals sometimes need to act as their own *de facto* training provider, even if they are working in conjunction with an external training provider, because the external training market tends to provide training in health and social care whereas what the hospitals require are skills specifically related to health and not social care. This gave the hospitals a degree of influence over the content of the training and further ensured that it met the health service's needs.

3.5 The Costs and Benefits of Training

The net costs to the employer for training leading the completion of a Level 2 and a Level 3 Apprenticeship are provided, respectively, in Tables 3.2 and 3.3.

Table 3.2 shows the average cost of undertaking an Apprenticeship in clinical support roles. In relation to Level 3 Apprenticeships, apprentices are generally not paid the apprentice-wage referred to earlier but at the full adult rate, hence the salary of the apprentice is relatively high compared with the fully experienced worker at the next level. The productivity of the average apprentice is relatively high at 83 per cent which tends to offset wage costs.

Table 3.2: Employers' Costs and Benefits of Apprenticeship Training in Clinical Support Roles (Level 3)

	Total
Background Information	
Drop out rate (%)	0.5%
Apprentice salary (£ p.a.)	£16,500
Salary of Fully Experienced Worker + NI (£ p.a.)	£22,100
Apprentice productivity (% of skilled workers tasks undertaken by apprentice)	83%
Supervision (per apprentice)	
Total labour costs of supervision (including employer NI contributions)	£5,800
Total training costs per apprentice (£)	
Costs of recruiting the apprentice	£100
Course fees	£450
Supervision costs	£5,800
Administrative costs / Other costs	£300
Apprentice salary (including Employer NI)	£17,850
Total cost	£24,500
Total Cost / Benefit to the Employer per apprentice	
Apprentice product	£18,350

	Total
Other income (please specify)	£0
Total benefit per apprentice	£18,350
Net cost per apprentice	£6,150
Net Cost including drop out	£6,200

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector Study 2012

Note: All figures rounded to nearest £50

The overall cost to the employer was £6,150, taking into account the incidence of people not completing. There is quite a lot variation between case studies, reflecting that employers have a degree of choice in how they organise their Apprenticeships. The maximum cost of conducting an Apprenticeship at Level 3 was £9,000 which was conducted over 18 months (though this value is standardised to one year), and the minimum cost was £1,900 where it was conducted over one year.

Table 3.3 shows the average cost of training towards a Level 2 qualification which is a surplus of around £750 given that the wage costs of the apprentices are relatively low compared with those of the fully experienced worker, and their productivity is relatively high at 85 per cent. The surplus which emerges in Table 3.3, it should be noted, is not a cash surplus as much of the surplus results from the estimate of the productive contribution of the apprentice once their wage and training costs have been accounted for. Given that employers have to estimate the productive contribution of apprentices it may be better to interpret the overall cost-benefit in Table 3.3 as the employer breaking-even on the provision of training.

Table 3.3: Employers' Costs and Benefits of Apprenticeship Training in Clinical Support Roles (Level 2)

	Total
Background Information	
Drop out rate (%)	5.8%
Apprentice salary (£ p.a.)	£7,800
Salary of Fully Experienced Worker + NI (£ p.a.)	£15,750
Apprentice productivity (% of skilled workers tasks undertaken by apprentice)	85%
Supervision (per apprentice)	
Total labour costs of supervision (including employer NI contributions)	£2,700
Total training costs per apprentice (£)	
Costs of recruiting the apprentice	£650
Course fees	£550
Supervision costs	£2,700
Administrative costs / Other costs	£700
Apprentice salary (including Employer NI)	£7,900
Total cost	£12,500
Total Cost / Benefit to the Employer per apprentice	
Apprentice product	£13,350

	Total
Other income (please specify)	£0
Total benefit per apprentice	£13,350
Net cost per apprentice	- £850
Net Cost including drop out	- £750

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector Study 2012

Note: All figures rounded to nearest £50

The numbers in Table 3.2 and 3.3 are averages for the case study establishments and include examples of both existing employees and new recruits. If consideration is given to those situations where existing staff were recruited to undertake an Apprenticeship a slightly different picture emerges. The net cost of training is £4,500 per apprentice at Level 3 (see Table 3.4). Where employers take on only new recruits as apprentices, the costs are higher at £6,350 per apprentice (see Table 3.5).

The difference in overall net costs of training new recruits compared to existing employees mainly results from higher supervision costs (total labour costs of supervision) and the lower productive contribution of new recruits compared with apprentices who were existing employees when they started their Apprenticeships. As shown in Tables 3.4 and 3.5, the total labour cost of supervision for new recruits is around twice that found for existing employees whilst the productive contribution of existing employees is more than 1.5 times higher than that of new recruits. These differences more than outweigh the higher wages paid to existing employees (£22,250 a year) compared to new recruits (£9,100 a year).

Table 3.4: Employers' Costs and Benefits of Apprenticeship Training in Clinical Support Roles (Level 3) – Existing employees

Clinical/health, Apprenticeship, Level 3 - Existing Employees	Total
Background Information	
Drop out rate (%)	1.3%
Apprentice salary (£ p.a.)	£20,250
Salary of Fully Experienced Worker + NI (£ p.a.)	£22,950
Apprentice productivity (% of skilled workers tasks undertaken by apprentice)	94%
Supervision (per apprentice)	
Total labour costs of supervision (including employer NI contributions)	£3,450
Total training costs per apprentice (£)	
Costs of recruiting the apprentice	£10
Course fees	£500
Supervision costs	£3,450
Administrative costs / Other costs	£0
Apprentice salary (including Employer NI)	£22,050
Total cost	£26,000
Total Cost / Benefit to the Employer per apprentice	
Apprentice product	£21,550

Clinical/health, Apprenticeship, Level 3 - Existing Employees	Total
Other income (please specify)	£0
Total benefit per apprentice	£21,550
Net cost per apprentice	£4,450
Net Cost including drop out	£4,500

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector Study 2012

Note: All figures rounded to nearest £50

Table 3.5: Employers' Costs and Benefits of Apprenticeship Training in Clinical Support Roles (Level 3) – New recruits

Clinical/health, Apprenticeship, Level 3 - New Recruits	Total
Background Information	
Drop out rate (%)	0.0%
Apprentice salary (£ p.a.)	£9,100
Salary of Fully Experienced Worker + NI (£ p.a.)	£20,450
Apprentice productivity (% of skilled workers tasks undertaken by apprentice)	62%
Supervision (per apprentice)	
Total labour costs of supervision (including employer NI contributions)	£7,950
Total training costs per apprentice (£)	
Costs of recruiting the apprentice	£300
Course fees	£350
Supervision costs	£7,950
Administrative costs / Other costs	£900
Apprentice salary (including Employer NI)	£9,400
Total cost	£18,900
Total Cost / Benefit to the Employer per apprentice	
Apprentice product	£12,550
Other income (please specify)	£0
Total benefit per apprentice	£12,550
Net cost per apprentice	£6,350
Net Cost including drop out	£6,350

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector Study 2012

Note: All figures rounded to nearest £50

3.6 Sensitivity to Costs

Employers were sensitive to the costs of training in the case of those apprentices who were new recruits. This is observed in the negotiations between employers and trade unions to agree a training-wage in order to contain the overall costs.

The general consensus across the case studies was that decreased funding would reduce the number of apprentices. The example provided below, from Clinical Case Study N^o3, reveals how organisations considered the various options available to them if they had to

meet more of the cost of training apprentices, but came back to the view that the overall impact would be to reduce the number of apprentices (see *box*).

Clinical Case Study No.3
Nursing support Apprenticeships

In general, the respondent thought that if they had to meet all of the costs of Apprenticeship training it might halve the number of apprentices because there was relatively little scope for offsetting the costs. For example:

- there was no scope for reducing wages because these would need to be centrally negotiated;
- it might be possible to find a cheaper training provider, but the hospital had already changed providers several times over the past few years in order to obtain a better deal;
- there was little scope to deliver training more efficiently. As a teaching hospital they were already well versed in delivering training cost-effectively so there was little opportunity for reducing training costs further;
- there was no scope to shorten the duration of training, given the training to be delivered, and, in any case, the length of the course was externally set.

Accordingly, the respondent thought that if the hospital's costs were to increase then the result would be fewer apprentices.

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector (2012)

If the employers had to meet a higher share of the overall training costs, one respondent thought that they might limit Apprenticeships to new recruits in clinical support roles linked to nursing, because this was where the organisation had obtained the most value-added. It would then stop providing training to existing staff through Apprenticeships and find some cheaper alternative.

Where there was perhaps a little less sensitivity was in relation to Apprenticeships delivered to existing employees who were entitled to access to continuing professional development each year. Employers were less sensitive because a budget had already been set aside for this whereas in the case of new recruits the business case had been required in order to take on apprentices. But as the example above illustrates, employers might, in some instances, reduce the provision of Apprenticeships to existing staff too.

3.7 Further Education Training Loans

Although every effort was made to explain how the training loans would work in practice – only for Level 3 where the apprentices were aged 25 years or over at the start of their training and the loan would be paid back only when an individual's salary was in excess of £21,000 a year – respondents tended to respond in many instances as if loans would be potentially applicable to everyone. Accordingly, they tended to see training loans as being an inhibitor of training in a sector where many people were in relatively low-paid jobs. One respondent mentioned that the case study organisation had, in the past, asked people to make a contribution to the costs of a training programme – around £400 – and had found that this had been a disincentive to training taking place.

3.8 Conclusion

All of the case study establishments providing Apprenticeships in clinical support roles had done so, and continued to do so, because they recognised that Apprenticeships delivered added value to the organisation. For existing staff it provided structured training relevant to the needs of the organisation leading to the award of an externally accredited qualification. Existing employees may well have missed out on the opportunity to gain a formal qualification earlier in their careers. For new recruits it provided an alternative means of access into clinical support jobs within the NHS and had the benefit for the organisation of: (a) widening its pool of skills supply; and (b) providing a valuable service to the local community by offering employment linked to training in areas where there were sometimes relatively few employment opportunities for young people.

The evidence suggests that there is wide variation in the net costs borne by the employer. The costs are generally much lower where the apprentice is an existing employee, with some organisations indicating that their costs of training have already been recouped by the time the training has been completed. For new recruits the net costs of training are substantially higher reflecting the fact that their productivity is lower though this is offset in those cases where they are paid a training-wage. But as will be explained in Chapter 6, these costs could be quickly recouped by the employer.

4. Business Administration

4.1 Introduction

The preceding chapter looked at Apprenticeships delivered in clinical support roles, principally those related to nursing. The health sector has skill needs relating to a variety of administrative roles found within the health service. Business Administration (BA) Apprenticeships have the potential to provide the health service with the administration skills it requires. Across the various Trusts which participated in the study BA Apprenticeships proved to be relatively common. Table 4.1 lists the nine case studies of providing BA Apprenticeships.

Table 4.1: Case Study Employers

Case Study	Level of Apprenticeship	Description
BA Case Study No.1	Level 2	Business Administration
BA Case Study No.2	Level 2	Business Administration
BA Case Study No.3	Level 2	Business Administration
BA Case Study No.4	Level 2	Business Administration
BA Case Study No.5	Level 2 / 3	Business Administration
BA Case Study No.6	Level 2 / 3	Business Administration
BA Case Study No.7	Level 3	Business Administration
BA Case Study No.8	Level 2	Business Administration
BA Case Study No.9	Level 2	Business Administration

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector 2012

Whilst there were several examples of new recruits being taken onto Apprenticeships in business administration, on balance apprentices tended to be existing employees who were being trained via an Apprenticeship as a means of meeting their continuing skills development needs. Where new recruits were taken on, the organisations sometimes provided them with contracts of employment which were tied to the length of the Apprenticeship, though there was an expectation that they would be taken on permanently at the end of their training.

4.2 The Training Decision

Where existing employees were being trained, employers engaged in this form of training because it provided a ready means of increasing the skills base of a workforce which included people with a wide range of experience but who did not possess formal qualifications. It was also a means of ensuring that all skills development met a common standard.

The decision of whether or not to take on recruits from the external labour market was made by departmental heads in consultation with the Human Resources (HR) department. Managers were encouraged by their HR and training departments to consider whether a vacancy in their departments could be filled by taking on apprentices or whether it needed to be filled by a fully experienced worker. To some extent the matter was determined by relative cost considerations and the line manager's preferences regarding taking on apprentices *versus* experienced employees given the workload in a department. A further consideration related to (a) the demographic profile of the workforce; and (b) a need to bring new people with new skills into the workplace.

BA Case Study N^o4 illustrates the way in which skill needs and cost considerations came into play. The departmental manager outlined the need to replenish the stock of skills in an ageing workforce but in a way which fitted the needs of the workplace. Apprenticeships for this organisation satisfied that need. But cost too was an important consideration in that the hospital chose "... training that met our needs and provides us with the cheapest possible way of achieving that". With regard to funding, the manager went on to say "...we will look to see how we can utilise that because we need to operate as a business". For this manager, Apprenticeships provided a cost-effective means of supplying the new skills the organisation needed via the recruitment of young people, against a backdrop of an ageing workforce.

Bringing in new recruits to work towards completing an Apprenticeship was seen to confer a number of benefits on the organisation. The example of BA Case Study N^o3 illustrates this point (*see box*).

**BA Case Study No.3
Business Administration**

At this large hospital Apprenticeships were seen as a means of bringing new types of skills and ideas into the organisation. This was described in terms of bringing a 'fresh pair eyes' to the way business was carried out. This can have an impact upon more experienced members of staff where they see the apprentice carrying out a task in a different fashion. This can lead to experienced employees copying what apprentices do. In particular, at this establishment, apprentices were seen as possessing good ICT skills which they applied to a range of problems, especially the use of spreadsheets. This, in the hospital's experience, had led to more experienced staff developing their own ICT skills.

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector Study 2012

Several of the other case studies could point to the type of benefits outlined in the example below (*see box*).

**BA Case Study No. 4
Business Administration**

The principal benefits of Apprenticeships to this organisation were much less about bringing in new ideas and more about the following:

- i. being an effective mechanism for bringing new people into the workplace who will be equipped with the skills the organisation needs;
- ii. passing on the values of the organisation to young people by being able to build this into the training which is delivered;
- iii. being an extended probationary period over which the organisation can monitor the progress of individuals and then make a decision whether or not to take them as permanent employees;
- iv. providing apprentices with employability skills so even if they are not taken on within the hospital they might be taken on elsewhere in the Trust or local health service. In this way the organisation's investment in Apprenticeships was recouped by the health service.

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector Study 2012

There was a sense in some of the case studies that Apprenticeships were on trial insofar as managers were monitoring their effectiveness compared with the alternatives available and of which they had had experience. But one manager pointed out that staff involved in the implementation and delivery of Apprenticeships in-house were strongly committed to, and protective of, this form of training because it effectively delivered what the organisation wanted.

4.3 Recruitment and Retention

Where staff were existing employees they were persuaded to undertake the Apprenticeships following their annual review or appraisal. The key issue, where an employee had a considerable amount of experience, was whether or not to place them directly on a Level 3 programme or require them to complete the Level 2 first. This was a judgement the line manager needed to make.

Where new recruits were being taken on the main recruitment channel mentioned was the National Apprenticeship Service vacancy matching system, as well as advertising in the local press and informing local colleges. BA Case Study N^o 5 outlines the type of recruitment processes used in the case studies in taking on new recruits (*see box*).

BA Case Study No.5
Business Administration

The organisation communicated its vacancies to NAS and the local colleges. There is a minimum requirement of four GCSEs at grade D or higher in order to be considered as a potential apprentice.

For those who are eligible to apply they are invited to an information day where they will be provided with information about what the job entails and the nature of working in a hospital. At the information day potential applicants are required to absorb a great deal of information.

Following the information day, there is an interview where all applicants are asked the same set of questions and are formally assessed on their performance. Those scoring highest will be offered an Apprenticeship with the organisation.

Generally, the organisation received around 140 initial applications for around 20 Apprenticeships. There is some drop-out between being invited to an Information Day and then being interviewed, but overall there is a substantial excess of applicants to places available.

Once the person has completed the Apprenticeship they will be offered a job on Band 2, if one is available, at either the hospital where they are currently working or somewhere else in the local NHS (a process which is managed through the central HR function). The organisation feels that completing an Apprenticeship with them is a 'rubber stamp' to gaining employment somewhere in the NHS.

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector Study 2012

The box below illustrates the journey of one former apprentice from recruitment to employment at one Trust.

BA Case Study No.3
Business Administration

Having finished school in summer, the former apprentice went straight on to embark upon an Apprenticeship in business administration (Level 2), having successfully applied to the advertisement she saw in the local newspaper. She had enjoyed business studies at school and was keen to pursue this line of study.

She valued the Apprenticeship "I think with an Apprenticeship you get all your college qualifications, you are still going to college a bit, but you are getting more experience and that's how I personally learn best by actually doing things."

Having applied for several jobs after her Apprenticeship, she had initially obtained a part-time job as an assistant in one department and she was now also working part-time as an assistant in another, effectively having a full-time post spread across two departments. She would like to progress to Level 3 after having gained more work experience, but she was currently enjoying the break from the formal training.

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector Study 2012

Overall, organisations reported that completion rates were ‘good’ and where figures were provided by case study organisation they tended to be around 75 to 100 per cent of people successfully completing their Apprenticeships.

4.4 The Structure of Training

Training was generally on-the-job, with either time allocated for study each day, or day-release to a local college. The expected duration of either a Level 2 or a Level 3 Apprenticeships was one year in each instance, though in the case of Level 2 it was not unusual for someone to complete after six months.

The example of BA Case Study N^o. 9 provides an example of the way training was structured in practice (see *box*).

BA Case Study No.9 Business Administration

The department within this hospital had decided to recruit two apprentices rather than a fully experienced worker. This was thought to confer a number of benefits on the organisation by bringing in new ideas amongst existing staff who may have become stuck in their ways. It was also thought to provide benefits to the individual apprentices by giving them a foot in the door to working in the NHS. Both apprentices were employed for the duration of their Apprenticeship.

The Apprenticeship started off with an induction course relating to the activities of the Trust and then the activities of the function in which they were working. This was followed by a period of job rotation between different departments, including paediatrics, obstetrics, and gynaecology. In each job rotation there would be a period of training over the first couple of weeks in the department after which the apprentices would be able to take on productive roles by themselves. In each department the training was structured so that they learned to deal with the administration associated with the patient’s journey through the system: initial entry, treatment, discharge, and then follow-up.

One day every other week was spent in college, and a half or a whole day in the other week was given over to study time.

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector Study 2012

In general, business administration training was managed by an external training provider who was responsible for monitoring the progress of the apprentice, ensure that they were being trained as required by the Framework, and liaising with the apprentices’ managers.

4.5 The Costs and Benefits of Training

At Level 2 the total cost was a surplus of £1,750 (see Table 4.2). This represents a lower cost than that estimated for Business Administration Apprenticeships outside the health service which was around £4,500 (for case studies conducted mainly in the local government sector). Even when one takes into consideration the variation between high and low cost Apprenticeships in the health sector – a high cost of £350 and a low cost generating a surplus of £5,000 – the costs are still lower than those found outside of the health sector. One should be careful of these comparisons since they are based on a limited number of observations.

Table 4.2: Employers' Costs and Benefits of Apprenticeship Training in Business Administration (Level 2)

	Total
Background Information	
Drop out rate (%)	6%
Apprentice salary (£ p.a.)	£6,150
Salary of Fully Experienced Worker + NI (£ p.a.)	£14,200
Apprentice productivity (% of skilled workers tasks undertaken by apprentice)	74%
Supervision (per apprentice)	
Total labour costs of supervision (including employer NI contributions)	£1,750
Total training costs per apprentice (£)	
Costs of recruiting the apprentice	£250
Course fees	£250
Supervision costs	£1,750
Apprentice salaries (including employer NI)	£6,150
Administrative costs / Other costs	£350
Total cost	£8,750
Total Cost / Benefit to the Employer per apprentice	
Apprentice product	£10,550
Other income (please specify)	£0
Total benefit per apprentice	£10,550
Net cost per apprentice	-£1,800
Net Cost including drop out	-£1,700

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector Study 2012

Note: All figures rounded to nearest £50

The surplus at Level 2 (of £1,750 excluding drop-out) is not a cash surplus. It is simply a consequence, in many instances, of the productive contribution of the apprentice to the organisation while training resulting in a gain when set against the wages and training costs faced by the employer. It is therefore an accounting surplus and not a cash surplus.

At Level 3 none of the case studies reported any non-completion (see Table 4.3). The average net cost to the employer was £5,400 (which suggests that the employer is meeting around 70 per cent of the total cost of the framework).⁹ The cost is driven in large part by the relatively high salaries apprentices' received whilst training – many were existing employees on Band 2 of the NHS pay scales – though this was offset by the relatively high productivity of the apprentices over the course of their training. Supervision, by the apprentices' line managers and co-workers, was estimated at around £5,000 which is almost equal to the total net cost borne by the employer. There was some variation around this average with a high cost Level 3 Apprenticeship being around £6,700 and a low cost example being around £3,000.

⁹ Assuming that for 19-24 year olds the State funds training to a value of £2,274 (2010).

To some extent the costs of delivering the Apprenticeships at both Level 3 and Level 2 are reduced due to the number of existing staff working towards Apprenticeships – some of whom are experienced employees - sometimes alongside new recruits.

4.6 Sensitivity to Costs

The responses to questions about how sensitive employers were to levels of funding available for Apprenticeship training were much the same as those expressed in relation to the clinical support roles. These included employers saying there was little scope to:

- reduce wages of apprentices;
- reduce the period of training (this had been reduced in practice as sometimes apprentices finished ahead of schedule);
- renegotiate training costs with training providers or find a provider with lower costs, because the health establishments had in some instances already sought the best deal they could obtain from providers.

Some employers mentioned that they might look at alternative forms of training, but the most common response was that it would lead to a reduction in the number of apprentices.

Table 4.3: Employers' Costs and Benefits of Apprenticeship Training in Business Administration (Level 3)

	Total
Background Information	
Drop out rate (%)	0%
Apprentice salary (£ p.a.)	£12,700
Salary of Fully Experienced Worker + NI (£ p.a.)	£19,250
Apprentice productivity (% of skilled workers tasks undertaken by apprentice)	71%
Supervision (per apprentice)	
Total labour costs of supervision (including employer NI contributions)	£5,100
Total training costs per apprentice (£)	
Costs of recruiting the apprentice	£250
Course fees	£250
Supervision costs	£5,100
Apprentice salaries (including employer NI)	£13,500
Administrative costs / Other costs	£0
Total cost	£19,100
Total Cost / Benefit to the Employer per apprentice	
Apprentice product	£13,700
Other income (please specify)	£0
Total benefit per apprentice	£13,700
Net cost per apprentice	£5,400
Net Cost including drop out	£5,400

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector Study 2012

Note: All figures rounded to nearest £50

4.7 Further Education Training Loans

Again the responses to the questions about training loans were similar to those in relation to the clinical support roles. Mention was made in one of the case studies that much of their Apprenticeship training has been funded through the SHA and this was now coming to an end. They therefore needed to find some other means of funding Apprenticeships. They were aware that training loans were being introduced but did not think that they would work because the group in receipt of training, at pay Bands 2 and 3, and possibly 4, would not be willing to take out a loan.

4.8 Conclusion

There was more a sense in the business administration case studies that Apprenticeships were subject to ongoing evaluation by some of the case study establishments. Respondents could point to various positive benefits from investing in Apprenticeships but to some extent this was dependent upon the employers' direct training costs being met. In relation to the training of existing employees this would appear to be covered by central

budgets for continuing professional development and training, but in relation to new recruits line managers were engaged in deliberations about the relative benefits of taking on an apprentice versus recruiting a fully experienced worker. This was not wholly an issue of cost but it played a major part in the deliberations.

5. Engineering

5.1 Introduction

It was possible to undertake only one full case study relating to engineering Apprenticeships in the health sector. Because, potentially, engineering Apprenticeships fulfil an important role in supplying the skills which are required to maintain and repair a variety of technologies in use across hospitals, and because, some hospitals had a tradition of providing engineering Apprenticeships in the past and expect to continue to do so in the future, the one case study is provided here to give an indication of the costs associated with this type of Apprenticeship.

The engineering case study was conducted in a health care Trust where the engineering apprentices might be expected to carry out tasks across the Trust's operations.

5.2 The Training Decision

Apprenticeships were first introduced by the Trust in 2009 across a number of Frameworks. The decision to provide apprentices was rooted in the fact that the workforce was ageing and there was a need to recruit younger people. At the time there was a degree of uncertainty about how various departments would respond to the idea of taking on apprentices since the Trust did not have a tradition of doing so, and it had not previously recruited people aged under 19 years. At that time, training costs were met centrally by the Trust so that individual departments were responsible solely for supervision and mentoring. Without this central funding the respondent was not sure whether individual departments would have responded so enthusiastically to recruiting apprentices.

In 2010 engineering Apprenticeships were introduced with the aim of recruiting young people into the organisation: two apprentices were recruited, aged 16 and 18 years respectively, onto a 24-month engineering Apprenticeship at level 2.

The Trust was very much of the view that apprentices in general have the capacity to change the way services are delivered. They enter the public sector without any preconceptions about how public services have worked in the past and want to try new things which they have learnt through the course of their training.

5.3 Recruitment and Retention

Apprenticeships were advertised widely in the local area, including the local press which the Trust had found to be particularly effective in generating applications. People were invited to apply for an Apprenticeship with the Trust, but not the framework they would like to work towards. No qualification levels were set for applicants.

Applicants were invited to an Assessment Day where they were given an opportunity to learn about the Trust, the Apprenticeships on offer, meet the mentors, and self-assess their learning style. Applicants were then interviewed and assessed according to their interest in the training on offer, what the training would mean for them, and whether they wanted to work for the Trust. Following the assessments and the interviews the Trust matched applicants to the places available. This is what was meant by having a person-centred approach to recruitment. In one instance, this resulted in an applicant who initially wanted to undertake an engineering Apprenticeship deciding to work towards another framework.

Whilst as a general rule prior educational attainment was not a bar to becoming an apprentice, for engineering the college which delivers the block release training requires candidates to have five GCSEs at grade C or above including mathematics, English, and IT.

The completion rate for Apprenticeships across all Frameworks was around 90 per cent. A few months before apprentices complete their training they are added to the recruitment register which means that when a Band 2 job comes vacant in which they are interested they are guaranteed an interview. Most apprentices obtained a job eventually within the Trust.

5.4 The Structure of Training

Central to the success of the training, the respondent said, was the provision of a person-centred selection process, having a range of specialists in-house who could provide training, as well as in-house NVQ assessors, and a well-established system capable of providing pastoral support to young apprentices.

The apprentice spent one day a week at college for two years. The Trust met with the Training Provider on a six-weekly basis to review progress.

5.5 The Costs and Benefits of Training

Table 5.1 provides an estimate of the total net cost to the Trust of providing an Apprenticeship in engineering. The net cost is estimated to be approximately £10,000 over the two years of training. This is approximately the same as the estimated average cost associated with the same Framework being delivered within the engineering sector. In the engineering sector training typically leads to a Level 3 qualification with the Level 2 one acquired along the way to obtaining the Level 3. At the end of the second year of the Apprenticeship in the engineering sector the net cost to the employer was £10,600.

Table 5.1: Employers' Costs and Benefits of Apprenticeship Training in Engineering (Level 2)

	Year 1	Year 2	Total
Background Information			
Drop out rate (%)	0%	0%	
Apprentice salary (£ p.a.)	£5,050	£5,050	
Salary of Fully Experienced Worker + NI (£ p.a.)	£14,850	£14,850	
Apprentice productivity (% of skilled workers tasks undertaken by apprentice)	31%	81%	
Supervision (per apprentice)			
Total labour costs of supervision (including employer NI contributions)	£10,150	£5,150	£15,300
Total training costs per apprentice (£)			
Costs of recruiting the apprentice	£450	£0	
Course fees	£450	£250	
Supervision costs	£10,150	£5,150	
Apprentice salaries (including employer NI)	£5,100	£5,100	
Administrative costs / Other costs	£50	£50	
Total cost	£16,200	£10,550	£26,750
Total Cost / Benefit to the Employer per Apprentice			
Apprentice product	£4,600	£12,050	£16,650
Other income (please specify)	£0	£0	£0
Total benefit per apprentice	£4,600	£12,050	£16,650
Net cost per apprentice	£11,600	-£1,500	£10,100
Net Cost including drop out	£11,600	-£1,500	£10,100

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector Study 2012

Note: All figures rounded to nearest £50

The data in Table 5.1 indicates that the apprentice's productivity is relatively low over the early stages of the Apprenticeship but by the end of the second year it is approaching 100 per cent – except for the fact that one day a week is taken up with day-release training - of that associated with a Band 2 employee (the wage level at which the apprentice will be employed at the end of the training period).

There are relatively high costs associated with supervision over the training period, in part this stems from the mentoring role which the Trust regarded as being central to the success of the Apprenticeship programme.

5.6 Sensitivity to Costs

In general, the employer responded that if the costs of Apprenticeship training were to increase such that the Trust would need to meet all or half of the costs currently met by the State they would need to reduce the number of apprentices. There were a number of

options considered which might defray some of the costs but these tended to be dismissed as not suitable. These included:

- getting the apprentice to contribute towards the cost of the training would not be viable as it would put too many people off training;
- the Trust could reduce its current costs by running a less intensive assessment day, or reducing the amount of pastoral support it offers. But this was considered counter-productive as both of these contribute to the current success of the Apprenticeship programme (across all Frameworks);
- reducing salaries whilst training would prove too complicated to introduce and might result in staff not being able to afford such a reduction;
- moving towards unaccredited training. This could be a possibility or introducing clawback arrangements where people left the employment of the Trust shortly after completing their training.

As can be seen from the above assessment, the employer would be unwilling to adopt nearly all of the above responses if they were required to increase their overall contribution to the costs of training. Hence the possibility that it would lead to a reduction in the number of apprentices.

5.7 Further Education Training Loans

If apprentices were expected to take out a loan for training leading to a Level 2 or 3 qualification there were concerns expressed by the respondent that this would put would-be apprentices off engaging in this form of training, especially so where they came from a less privileged background.

5.8 Conclusion

The single case study reveals that Apprenticeships delivered the Trust's goal of increasing the entry of young people into their employment. The first two engineering apprentices were nearing the end of their Apprenticeships and it was expected that they would find employment in the Trust. It is apparent that the Trust had adopted a relatively high cost approach to Apprenticeships because this was seen as delivering the quality it required. The high costs are attached to the relatively intensive approach it adopts to ensuring that individuals are well suited to the Apprenticeship and employment in the Trust, and its mentoring programme to ensure that apprentices make good progress and complete their training. The evidence reveals that the employer would be reluctant to move away from this model should cost become an issue and would respond, at least initially, by cutting the number of apprentices it recruited. At the same time, however, the Trust's goal was to increase the flow of young people into the organisation which reducing the numbers taken on would counteract.

6. Recouping the Investment in Apprenticeships

Whilst some of the case study establishments had previous experience of delivering Apprenticeships it was over the last two years or so that the number of apprentices had substantially increased in the health sector. This took place simultaneously with the take up of Apprenticeships in wider range of health related activities than hitherto. This study provides evidence of Health Trusts beginning to engage in clinical-support Apprenticeships in areas such as nursing support alongside those in business administration and engineering. For the case study establishments which participated in the study, the provision of clinical related Apprenticeships marked a new development which potentially provided a new entry pathway in a range of clinical-support occupations. Entry into many of the clinical-support occupations requires a Level 4 qualification whereas the Apprenticeships were at Levels 2 and 3. It was anticipated that in the near future Level 4 vocational qualifications would be developed which would allow people to continue with their training to this level should they wish to do so. In this way, a vocational pathway would be established, and in some cases re-established, into a variety of health sector occupations.

In some respects the substantial increase in the number of Apprenticeships starts in the health sector were due to the actions pursued by the Department of Health (DoH) and the National Apprenticeship Service (NAS). The DoH, it was reported by the case study respondents, had provided the Strategic Health Authorities (SHAs) with funding to facilitate the introduction of Apprenticeships into the NHS. The key issue for the case study establishments was the sustainability of the Apprenticeship system given that DoH Apprenticeship funding had come to an end, and changes in the public funding of Apprenticeships set out by the Department for Business Innovation and Skills (BIS) potentially increases the employer's contribution to the overall cost of training in some instances. If the Trusts were to be increasingly responsible for the funding of Apprenticeships then their continued engagement and the scale of any engagement would be dependent upon the added value Apprenticeships delivered to the NHS.

The case study evidence indicates a number of benefits which employers derived from the engaging in Apprenticeships:

1. widening the pool of people who might enter into employment in the NHS by establishing a vocational pathway into several occupations;
2. as a brand or standard, Apprenticeship was seen as proving attractive to certain groups of individuals who were less attracted to school-based learning;
3. increasing the flow of young people into the NHS given that some case study establishments had an ageing workforce and were concerned about future skill shortages;
4. providing existing employees with a structured learning programme leading to qualifications at Levels 2 and 3 as part of their continuing professional development;

5. providing a programme of training which while providing the apprentice with valuable transferable skills, also gave scope to the employer to ensure that its training needs were met;
6. providing a form of training which allowed the employer to pass on the values of the organisation to young people by being able to build this into the training;
7. introducing new ideas into the workplace especially in relation to ICT. There was some concern that an ageing workforce might have become stuck in their ways and needed exposure to the new ways of working which apprentices tended to deploy.

The evidence demonstrates that Apprenticeships were being delivered to both existing employees - though some may have been with the organisation for a relatively short spell of time and others for a long-time – and to new recruits who had been recruited specifically as apprentices. Where apprentices were new recruits it was not uncommon for them to be employed on contracts which lasted for the duration of the Apprenticeship. The employer tended to think that they would be eventually recruited by the NHS into permanent jobs, if not in the hospital where they trained then at least somewhere else in the local health service. In this way the investment made by employer was captured by the health service if not by the Trust which trained the individual. Providing a contract for the duration of the training was seen by some employers as a way of minimising the risk attached to their decision to take-on an apprentice.

Though funding was available to cover some of the employer's costs of delivering the Apprenticeship there was still a need to persuade line managers of the merits of investing in this form of training, and to existing employees that this could be a valuable form of professional development and training. Accordingly, considerable efforts were expended by Apprenticeship leads in the SHAs and the Trusts in persuading line managers that where they had a vacancy they might want to recruit an apprentice(s) rather than a fully experienced worker from the external labour market. This needs to be seen in the context of Apprenticeships being a relatively recent development in some of the case study establishments such that line managers needed to be persuaded of the cost-benefit of taking on apprentices and assured that they would complete their training and achieve a standard of competence required in the department. Apprenticeship leads also worked hard in communicating the potential benefits of completing an Apprenticeship to existing employees by setting up internal websites, setting up stands outside canteens, *etc.*

For line managers the issue of cost kept arising in their deliberations about the sustainability of the various Apprenticeship programmes. For example, when asked about what would happen if the costs to the Trusts of delivering an Apprenticeship were to increase the general response was that it would lead to a reduced number of apprentices being recruited each year. There was considered to be little scope for further cost reductions. A number of points were made by the case study respondents in this regard:

1. there was no scope for reducing wages because these would need to be centrally negotiated. In the case of newly recruited apprentices they were sometimes paid a training-wage which had been introduced to contain training costs and increase the number of apprentices;
2. there was little appetite to find a lower cost training provider because in many instances the case study establishments had already been through this process to obtain their current provider;

3. there was little scope to deliver training more efficiently. The duration of training for example, tended to be set externally;
4. passing on more of the cost to the apprentice was not considered feasible since many of the apprentices were in relatively low paid jobs. Training loans, for instance, were thought to be a disincentive to people on lower salaries to engage in training;
5. there might be scope for training to existing employees being delivered through other programmes including non-accredited ones.

It needs to be borne in mind that apprentices who were newly recruited to the case study establishments were often aged 24 years or under, whereas many of the existing employees being trained via Apprenticeships were aged over 25 years. Accordingly, the changes in Apprenticeship funding were much more likely to affect existing employees.

The estimated net cost to the employer for the various Apprenticeships included in the study is presented below (see Table 6.1). The relatively high costs associated with Apprenticeships relate to the relatively high levels of supervision associated with these types of Apprenticeships. The evidence also indicates that it was not always the training to new recruits which was most expensive. Because new recruits were paid in many instances a training wage, this had the effect of reducing one of the main training costs (apprentice wages), though it could also result in more supervision time being required.

Table 6.1: Estimated Net Costs of Training to the Employer

Broad Framework	Level 2	Level 3
Clinical	-£750	£6,200
Business Administration	-£1,700	£5,400
Engineering	£10,100	

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector 2012

The evidence indicates that the costs to the employer can be recouped relatively quickly once the apprentices have completed their training (see Table 6.2). The method used to estimate the payback period is the same as used in the main report on the Fifth Net Benefits of Apprenticeships to Employers study. It indicates that in most instances employers can recoup their costs within one to one and a half years, but this is predicated on the employer retaining the former apprentice. This is dependent upon two issues: (i) the employer offering the apprentice employment at the end of the Apprenticeship and; (ii) being able to retain the employee where they are in continued employment.

Table 6.2: Estimated Payback Periods to Recoup the Net Costs of Training

Broad Framework	Level 2	Level 3
Clinical	N/A	1 year, 7 months
Business Administration	N/A	1 year
Engineering	1 year, 1 months	

Source: IER / IFF The Employer Net Benefits of Training in the Health Sector 2012

In a sense Apprenticeships had been on trial in the health sector. There had been a major investment in Apprenticeships facilitated through the DoH and NAS which had led to various SHAs and Trusts introducing Apprenticeships across a range of Frameworks. But Trusts wanted to be convinced that this was an effective investment. There are two elements to this:

1. whether Apprenticeships delivered the skills the health service requires; and
2. whether the investment was seen as cost-effective.

The indicative evidence presented here suggests that employers were of the view that Apprenticeships delivered the skills they needed and that they had, as a consequence of their introduction, opened up new entry pathways into a number of occupations thereby potentially boosting skills supply. In relation to the second point the evidence indicates that in most instances employers could recoup the costs of their training investment over one or two years should they retain the services of their former apprentices.

© Crown copyright 2013

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. Visit www.nationalarchives.gov.uk/doc/open-government-licence, write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

This publication available from www.gov.uk/bis

Any enquiries regarding this publication should be sent to:

Department for Business, Innovation and Skills
1 Victoria Street
London SW1H 0ET
Tel: 020 7215 5000

If you require this publication in an alternative format, email enquiries@bis.gsi.gov.uk, or call 020 7215 5000.

BIS/14/789