TOOL 8b.1 – Cost Benefit Analysis

**The table below is designed to help you start to think about costs and savings.**

Evidence suggests that, on average, apprentices add over £1,000 worth of value to organisations whilst training, and over £10,000 once qualified. This is through improved efficiency, staff retention, customer satisfaction and many more measures. In most cases, this form will show that apprenticeships cost more than savings. However, this is initial savings, before training has taken place.

Use the table to get a rough idea of you training investment. Then, work with the training provider to identify how you can track what impact the training is having.

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| --- | --- | --- | --- | --- |
| **Cost**  | **Description**  | **Example** | **Example Amount** | **Your Amount** |
| Training Provider  | Get the training providers costs / by the number of years the programme is expected to last  | £1,050 / 3 years | £350 |  |
| Mentoring  | Mentor’s annual wages x % of time mentoring  | £30,000 x 0.05 | £1,500 |  |
| Time in training  | 20% of annual salary  | £19,000 x 0.2 | £3,800 |  |
| Other costs  | Consider any other costs in your organisation specific to employing apprentices  |  |  |  |
| **Total**  |   |  | **£5,650** |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Saving**  | **Description**  | **Example** | **Example Amount** | **Your Amount** |
| Employer N.I.  | Use the [Employer National Insurance Calculator](https://supplytrain.co.uk/employer-ni-calculator-apprenticeship-savings/) to see saving for apprentices u25.   | £19,000 salary£0 bonus | £1,450 |  |
| Incentives  | Add £1,000 for 16-18-year old apprentices or 18-24-year old care leavers or those with a disability.  | 21-year-old care leaver | £1,000 |  |
| Mandatory training included  | What training would you pay for this member of staff if they weren’t on an apprenticeship that could be included in the price  | AAT Professional Diploma in Accountancy | £2,000 |  |
| Recruitment fees  | Pay to recruitment agents or staff time and advertising costs  | £30,000 x 0.01£500 advertising | £800 |  |
| Other savings  | Consider any other savings you’d make from employing apprentices  |  |  |  |
| **Total**  |   |  | **£5,250** |  |

**Overall cost**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Total** | Costs - Savings  | £5,650 - £5,250 | **£400** |  |