

CONSULTATION ON CHANGES TO THE FUNDING BAND RECOMMENDATION PROCESS

INTRODUCTION

Our current process for recommending a funding band (maximum government contribution) is set out on our website, and can be found [here](#). In brief, it involves using provider quotes, comparison with existing standards and frameworks, and review of market costs. The process relies on data of variable quality and is not as transparent as we would like it to be.

In Spring 2019 we introduced changes to improve the transparency of the funding band recommendation process. These included clarifying how existing evidence sources are used, and improving forms and guidance.

To build on these improvements, we commissioned research to assist with the establishment of an evidence base of the costs associated with delivering apprenticeship standards. We then launched a consultation to obtain views on different options for how we could recommend funding bands. The consultation closed in May 2020, having been extended to mitigate the impact of Covid-19 disruption.

For a detailed analysis of responses to our consultation on changes to the apprenticeship funding band recommendation process, you can view [the published consultation summary report on our website](#).

Building on our first consultation, we are now sharing a proposed new approach for making funding band recommendations.

The proposed new approach is more developed than the options we previously consulted on. We listened to your feedback in the last consultation about the need for flexibility, and we added further variation to the model to reflect differences in costs. We have sought to balance ease of understanding and flexibility, and welcome views on this.

In this second consultation we are seeking your views on our proposed new approach for making funding band recommendations. Following feedback from this consultation, we anticipate making any necessary final refinements to this new approach. We expect to then pilot it before making a final decision on whether to launch the approach in late spring/early summer 2021.

WHAT IS A FUNDING BAND?

As we set out in the previous consultation, the Secretary of State for Education sets an apprenticeship funding band for each apprenticeship standard following a recommendation from the Institute.

The band recommendation is a calculated estimate of the typical eligible training and assessment costs necessary for an apprentice to reach occupational competence and represents the maximum government

contribution allowable per apprentice from the apprenticeship levy. It is based on input from employers, training providers and end point assessment organisations (including commissioned research into the costs of training and assessing apprentices).

In line with Department for Education policy, the bands range from £1,500 to £27,000 and are set by the Secretary of State for Education. Once the band is set, each employer is expected to negotiate a price for the delivery of the required training up to the funding band.

There may be cases where the cost of reaching occupational competence exceeds the band set by the Secretary of State for Education, for example where costs exceed the highest available funding band, the apprentice cohort or employers have higher than average costs, or employers seek training over and above that required by the standard to achieve occupational competence. In such cases, employers are free to agree a price above the funding band but would need to supplement the additional costs from their resources.

Setting a maximum funding band for each apprenticeship standard helps ensure that public funding is available to support many quality apprenticeships and secure value for money for employers and the government. In making prudent use of public funds we aim to enable as many employers as possible to offer apprenticeships of an appropriate quality.

You said, we did: the majority (87%) of respondents to our first consultation reported that the above explanation improved their understanding of apprenticeship funding bands, so we are continuing to use this explanation. Where respondents did not find the explanation helpful, it tended to be because they disagreed with the content of the definition, such as employers needing to supplement costs above the funding band in certain circumstances. We have shared this feedback with the Department for Education, as it falls outside the scope of this project.

KEY PRINCIPLES DRIVING OUR REFORMS

In developing a new approach, we continue to aim for a method of recommending funding bands which:

- Is more transparent in process and outcomes;
- Is as simple as possible to understand;
- Relies more on independent evidence;
- Gives funding information to trailblazer groups at the right time to help support the standard development process;

- Has flexibility to reflect the particular needs of apprenticeships; and
- Strengthens value for money, by supporting employers to pay the appropriate costs for training thereby enabling more employers to access funding.

NEW PROPOSAL

Based on responses to the options we set out in our first consultation, additional impact assessment, and further testing, we have further developed our process for making funding band recommendations.

This proposed process, which we are calling a ‘rates-based variable model’ is a hybrid of the options we consulted on earlier this year. It generates an estimated band at the start of the apprenticeship development process when an Occupational Proposal is approved for development. This is the ‘rates-based’ element of the model, as it relies mostly on rates which are derived from research into the cost of apprenticeship training and assessment, adjusted to reflect the duration and sector of the apprenticeship.

Our approach also includes the option for trailblazers to provide additional information to allow us to recommend a more bespoke level of funding where the costs of teaching, consumables and/or mandatory qualifications are significantly different from the average rates used in the rates-based estimate. This is the ‘variable’ element of the model, as it allows us to vary the levels of funding for several components of the model to reflect variation in costs between different apprenticeships.

You said, we did: a majority of respondents stated they wanted the Institute to continue providing early information on funding and supported using weighting to adjust the level of funding. However, a large majority also supported allowing trailblazers to submit information to allow a more bespoke level of funding to be recommended. Our proposed new model incorporates all of these elements.

OUR PROPOSED APPROACH

At its heart, our proposed model is intended to provide a transparent method of estimating the typical costs of training and assessing an apprentice.

To do this, we have separated the overall cost of an apprenticeship into three main categories: training, assessment, and administration. This allows us to explain with greater transparency how an overall funding band has been generated.

- Within training we have split this into two sub-categories:

- Teaching and learning (including mentoring & informal formative assessment integrated within teaching and learning experience)
- Consumables (materials and licences that do not last beyond the duration of the apprenticeship)
- Within assessment we have split this into three sub-categories:
 - Formative assessment (all assessment that takes place before the end-point assessment, such as tripartite progress reviews)
 - End-point assessment
 - Mandatory qualification costs (the registration, examination and certification fees).
- Administration is not split out into further sub-categories.

You said, we did: Many respondents to our first consultation expressed a preference for the model to reflect the true costs of training and assessment. By building up the funding band by summing separate cost categories, we aim to better reflect the costs of each of these. The refined model includes an additional category in response to feedback.

Step one – rates-based estimate

For new apprenticeships, when an occupational proposal is approved, we would estimate costs for each of the categories (and sub-categories) using a publicly available set of rates. These individual estimates would be combined to give an overall estimate of what the funding band would be. We would provide this overall estimate to the trailblazer, along with an explanation of how we arrived at this figure.

Where trailblazers are revising an existing standard, we anticipate they would use an online tool to calculate what their rates-based estimate might be, including the opportunity for them to incorporate market prices for end-point assessment.

Information on the rates and formulas we anticipate would be used for this step can be found at Annex 1.

Step two – trailblazer decision

If the trailblazer is content with the estimates generated using this 'rates-based' approach, we will use these when recommending the funding band for that standard to the Secretary of State, only updating the estimates if information about the standard changes during the development/revision process.

Where information about the standard changes, we would re-calculate the estimates, based on the new information. Possible changes include:

- If the duration changes
- If the route changes
- If mandatory qualification(s) are added or removed
- If a quote supplied by an end-point assessment organisation based on an assessment plan indicates the cost of end-point assessment will be different to the initial estimate for this category.

The trailblazer would be informed about all changes to the estimates, and given the opportunity to switch to the 'variable' element of the model as outlined below.

If the trailblazer considers that the rates-based estimate of costs is inappropriate, they can provide information to allow us to make a bespoke estimate of likely costs. We refer to this as the 'variable' element of our proposed model, as it allows us to vary the level of funding based on additional factors to the rates used in the 'rates-based' estimate.

We would then use this information provided by the trailblazer when recommending a funding band for that standard to the Secretary of State for Education. This bespoke estimate generated through the 'variable' element of the model could be higher, equal to or lower than the rates-based estimate generated at step one.

Step three – submitting information for a bespoke estimate of costs

If the trailblazer chooses to provide information to support a bespoke estimate of costs using the 'variable' element of the model, they must provide the following:

- Proportion of off the job training likely to be delivered in a one-to-one setting, group setting, and through independent learning;
- Typical group teaching sizes;
- Salary levels for training staff;
- Consumables required (materials and licences that do not last beyond the duration of the apprenticeship);
- Costs of consumables;
- Numbers of apprentices using consumables; and
- Costs of mandatory qualifications.

We will provide support to trailblazers on what information is needed. We

also anticipate that, prior to submitting the information, we will work with trailblazers to discuss whether information should be submitted. Initial testing with stakeholders indicates that bespoke estimates generated using the variable element of the model may be more appropriate for certain routes and levels.

Step four – review

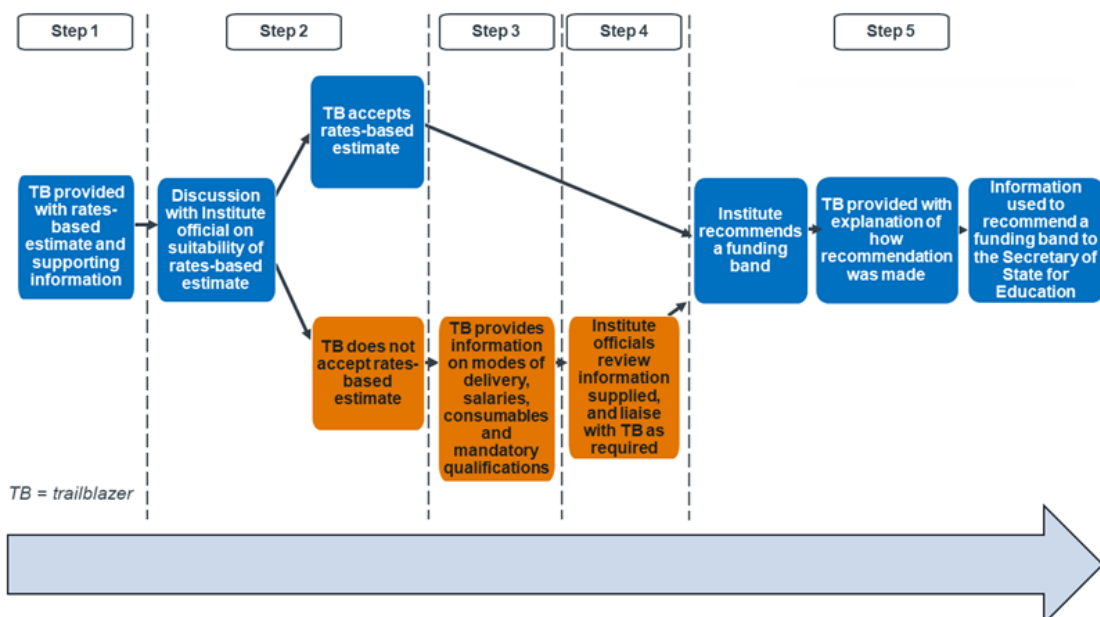
Where the trailblazer provides information to support the variable element of the model, this information will go through a number of checks. These could include checking for data entry errors, checking for discrepancies against published price information, comparing salary data to information held by the Office for National Statistics, and obtaining an independent perspective on the modes of delivery, consumables and teaching salaries.

Where these checks suggest that any information supplied by the trailblazer should be reconsidered, we will aim through discussion to reach agreement with the trailblazer about the data to be used in the variable element of the model. However, if this is not possible, we will recommend a funding band based on our review of the information available. Our assessment will be communicated to trailblazers, having discussed with the relevant Route Panel.

Step five – calculation

We would use information generated using the rates-based or variable element of the model to recommend a funding band. This, and the steps involved in calculating that band, would be shared with the trailblazer.

These five steps are summarised in the following flowchart:



You said, we did: Many consultation responses suggested that, in addition to adjusting for consumable costs, we should adjust funding based on differences in salary levels and cost of mandatory qualifications. We have incorporated these changes. Many consultation responses, particularly from the higher education sector, also suggested that we adjust funding recommendations based on the level of the apprenticeship. Level did not consistently correlate to higher costs in our commissioned research, and significance testing did not find a link between level and costs. We found that the rationale for higher level learning being more expensive was often linked to higher teaching salaries, allowance for which we have now incorporated. We also found higher level apprenticeships tended to have longer durations; the model already reflects the impact of duration on cost.

The model and options we consulted on previously included a percentage allowance for profit. Many respondents indicated this was misleading, as the funding band only reflects costs identified by the Education and Skills Funding Agency as eligible for funding through the apprenticeship budget. We have renamed this component of our proposed model to 'eligible cost margin' to better reflect this. The method of calculating it, including the rate, have not changed from the models and options we previously consulted on.

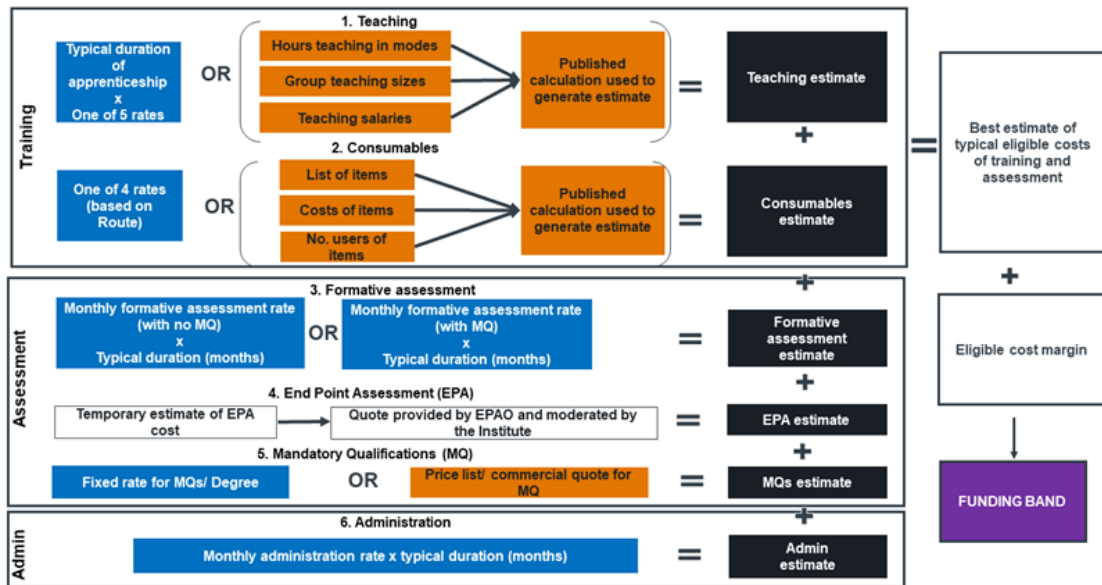
For further information on how we have responded to consultation feedback, please see our Consultation Summary and Response document.

It is important to note that whether a rates-based estimate or a bespoke estimate from the 'variable' element of the model is used, the funding band generated will still be an estimate of typical eligible costs for the apprenticeship standard. Because actual costs will vary by cohort (for example, larger cohorts are likely to have greater cost efficiencies), the funding band should not be viewed as the price for delivering that apprenticeship. **The band represents the maximum that government will contribute** towards the apprenticeship standard, and it is for employers to negotiate the actual price paid for the training and assessment of each apprentice.

For a detailed explanation of how we would recommend a funding band through our proposed new approach, using either the rates-based or variable element of the model, please watch the narrated presentation.

<https://www.instituteforapprenticeships.org/reviews-and-consultations/consultations/funding-consultation/>

A diagram of the full model is below:



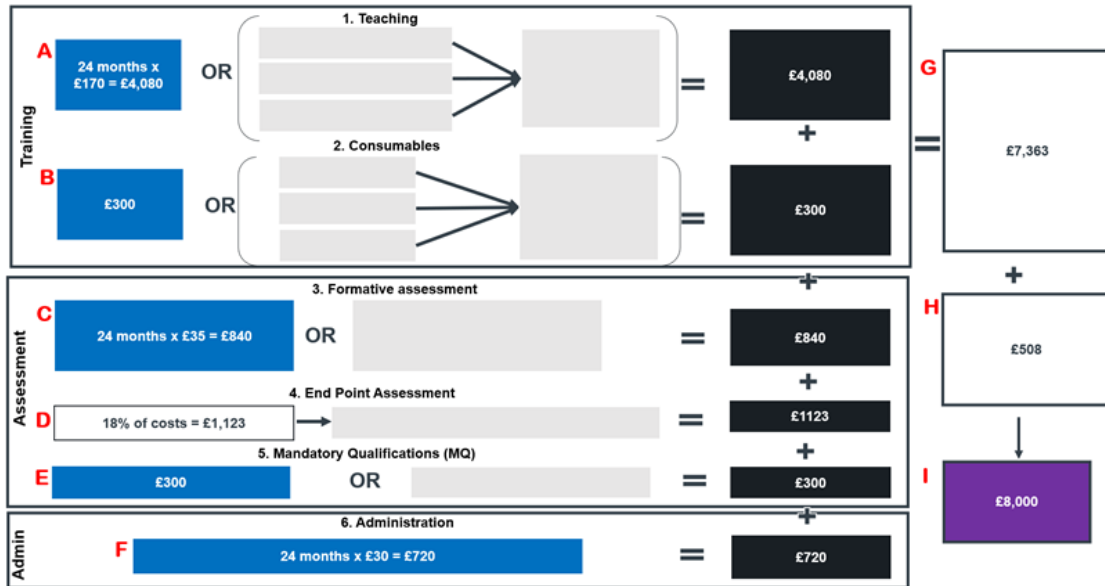
Those in blue boxes are the rates-based inputs, amber are the trailblazer inputs and white within the assessment section are the end point assessment inputs. Black represents the category estimates, white outside the training, assessment and administration sections represents the total costs and the purple box is for the funding band.

WORKED EXAMPLE

Step one – rates-based estimate

An occupational proposal for widget maker at Level 4 with a 24-month duration is submitted to the Institute. It is assigned to the engineering sector subject area (SSA). Once the occupational proposal is approved, the trailblazer is provided with a rates-based estimate of £8,000, noting that this may change depending on the cost of end-point assessment, changes to mandatory qualifications and changes to duration. The trailblazer is also informed that there are currently eleven standards at level four in the engineering and manufacturing route with a duration of between 18 and 36 months. Funding bands for these range from £9,000 to £27,000, of which seven have a funding band of £9,000.

The trailblazer is provided with a breakdown of their rates-based estimate. The inputs for this are as follows, the grey boxes are components of the model which are not being used in this example:



The detailed workings for these are as follows (please note, details of all rates are included at Annex 1):

A – The teaching estimate of £4,080 is the duration (24 months) multiplied by a teaching rate of £170 (based on the occupation receiving a ‘medium’ rate).

B – The consumables estimate of £300 is based on this being in the engineering and manufacturing route.

C – The formative assessment estimate of £840 is the duration (24 months) multiplied by a rate of £35 (based on one mandatory qualification being included in the standard).

D – An initial temporary end-point assessment estimate of £1,123 is calculated as 18% of all costs. This initial temporary estimate will be amended if an estimate based on a quote supplied by an end-point assessment organisation once an assessment plan is available is different.

E – The mandatory qualification estimate of £300 is based on one mandatory qualification being included in the standard.

F - The administration estimate of £720 is the duration (24 months) multiplied by a rate of £30.

G – The best estimate of typical eligible costs of training and assessment are summed at £7,363.

H – The eligible cost margin of £508, rounded from £507.60, is calculated as 9% of the combined teaching estimate (A), formative assessment estimate (C) and administration estimate (F).

I – The overall rates-based estimate of £8,000 has been rounded up from

£7,871.

Step two – trailblazer decision

Once provided with a rates-based estimate, the trailblazer decides whether to accept this.

The trailblazer is reminded that that this figure may go up or down, depending on changes to inclusion of mandatory qualifications, changes to duration, and the costs of end-point assessment (which are yet to be determined, as the end point assessment plan has not been written).

In this example, the trailblazer considers the costs for consumables are far too low and estimates that around £1,750 in widget parts will be used. Although they are content that other costs look reasonable (particularly as they expect apprentices to only spend 10% of their off-the-job training in a one-to-one environment), they choose to submit information to allow a bespoke estimate to be generated using the 'variable' element of the new model:

Step three – submit information

If the estimate of £8,000 was acceptable, the trailblazer would not have to proceed any further.

The trailblazer submits the following information to allow a bespoke cost to be generated using the 'variable' element of the new model:

- Based on total off the job hours of 600, a breakdown of hours across the following modes of delivery is provided:
 - 80% group delivery (480 hours)
 - 10% one-to-one delivery (60 hours)
 - 10% independent learning (60 hours)
- Number of apprentices in groups – 8
- Rationale for group size.
- Evidence of hourly salary rate for tutor staff:
 - £25 ph for group delivery
 - £30 ph for one-to-one delivery
- List of consumables & number of apprentices that can use each item before it is consumed:
 - Widget parts can only be used once, and cannot be used by more than one apprentice

- Evidence of cost of items:
 - Price lists showing total cost of £1,750
- List price of the mandatory qualification or a commercial quote from the awarding organisation.

Step four – review

The Institute reviews information submitted by the trailblazer. We apply four different checks, and where any of these identify discrepancies that would affect the funding band, we raise these with the trailblazer for clarification.

Data entry check: Institute officials review the information to check it is complete and coherent. This is a ‘sense check’, and anything that looks odd can be clarified with the trailblazer (e.g. if 100% of teaching hours are indicated to be ‘independent learning’).

Price check: Where possible, Institute officials review price information supplied against online information (for mandatory qualifications and consumables only).

Salary check: Teaching salary information is checked against ONS datasets for that occupational area and further/higher education salaries.

Independent perspective: An individual with experience of delivering vocational training in the same occupational area identifies what they would consider to be a likely breakdown of modes of delivery for the apprenticeship, and why. They review the list of consumables identified by the trailblazer and identify if anything seems to be missing, or if anything seems unnecessary. They identify where higher-than-average teaching salaries may be required. This check draws on an established Institute process with an existing roster of experts to draw on. We would trial this through the pilot.

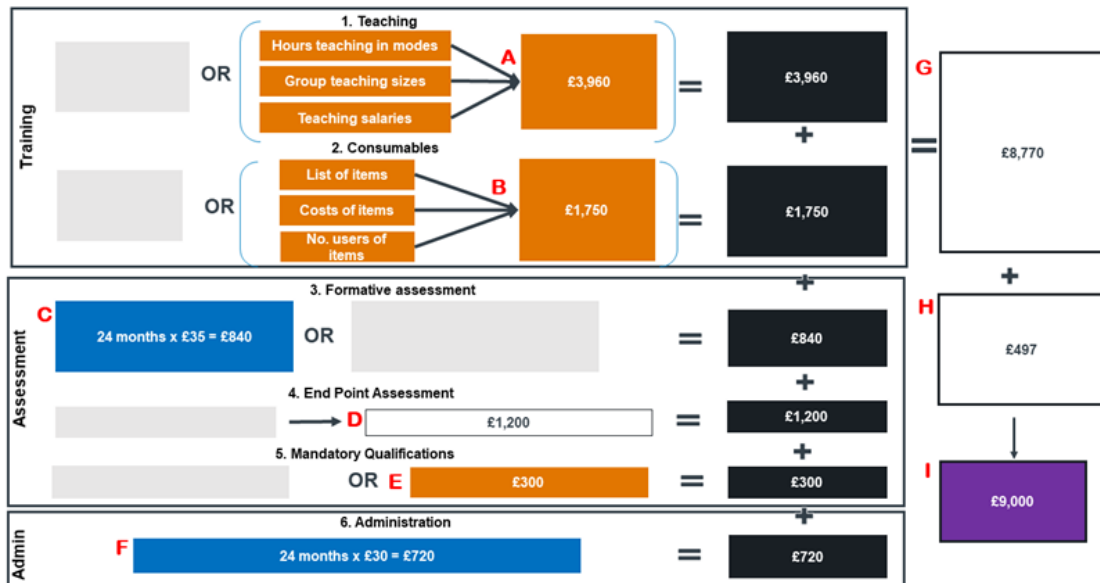
Triangulation: Institute officials review the information submitted by the trailblazer against the ‘independent perspective’, the ‘salary check’ and the ‘price check’. Where there are discrepancies that would affect the funding band, Institute officials discuss these with the trailblazer before determining what data points will be used for the calculation.

Feedback: Institute officials will set out the data points which will be used in the calculation of a funding band, and their rationale for this. This information will be provided to the trailblazer so they can see exactly how the funding band was arrived at.

Step five - calculation

Having reviewed the information supplied by the trailblazer and confirmed it is appropriate, the data is used to calculate the funding band. In this example, a funding band of £9,000 would be recommended.

The trailblazer is provided with a breakdown of how their funding band was calculated. The inputs for this example are as follows, the grey boxes are components of the model which are not being used in this example:



The detailed workings for these values are as follows;

A – The teaching estimate of £3,960 is calculated from the following:

Group cost = 480 hours x £25 rate / 8 apprentices = £1,500

1:2:1 cost = 60 hours x £30 rate = £1,800

Sub-total = £3,300

Non-contact uplift = 20% x £3,300 = £660

Total teaching estimate = £3,960

B – The consumables estimate is £1,750

C – The formative assessment estimate remains at £840.

D - The end-point assessment initial temporary estimate has been replaced with an estimate of £1,200, based on quote(s) supplied by end-point assessment organisations.

E – The mandatory qualification estimate remains at £300.

F – The administration estimate remains at £720

G - The best estimate of typical eligible costs of training and assessment are summed at £8,770

H – The eligible cost margin of £497, rounded from £496.80, is calculated

as 9% of the teaching estimate (A), formative assessment estimate (C) and administration estimate (F)

I – The funding band of £9,000 has been rounded down from £9,267.

NEXT STEPS

- This consultation will run for a period of 6 weeks, closing at midnight on Tuesday 6 October
- Once the consultation feedback has been reviewed and analysed, the project team will refine the proposed funding model accordingly, before entering a piloting phase.
- A pilot is currently planned between late 2020 and early 2021, subject to the outcomes from the consultation.
- After analysing the outcomes from the pilot, the new model could be implemented in late spring/early summer
- A new model will only apply to new or significantly changed standards ('revisions'), and the timing of implementation will take into account market conditions.
- Implementation of a new apprenticeship funding model will only happen once the Institute is confident that design criteria have been met and that the new system is simpler, more transparent and delivers value for money.
- We expect implementation to include a transition process for apprenticeships in development, where the occupational proposal has already been approved at Route Panel but the standard is not yet live for delivery.

CONCLUSION AND QUESTIONS

Have Your Say!

The Institute is keen to receive feedback on our proposed model for funding band recommendations to ensure it works in practice. We would welcome responses to the consultation questions posed below:

In what capacity are you responding to this consultation?

- trailblazer group
- other employer
- route panel
- apprenticeship training provider
- EPAO
- representative body
- apprentice
- other

To what extent do you agree/disagree that the proposed model, set out in the consultation document, would reflect the range of costs across different apprenticeships?

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

To what extent do you agree/disagree that the proposed model, set out in the consultation document, provides a transparent model for recommending funding bands?

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

To what extent do you agree/disagree that the proposed model, set out in the consultation document, is clear?

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Please provide your thoughts on the following operational challenges that would help with transition to a new funding model

How best can we support trailblazers to provide inputs such as mode of training and consumable costs?

How best can we obtain salary data for teaching staff?

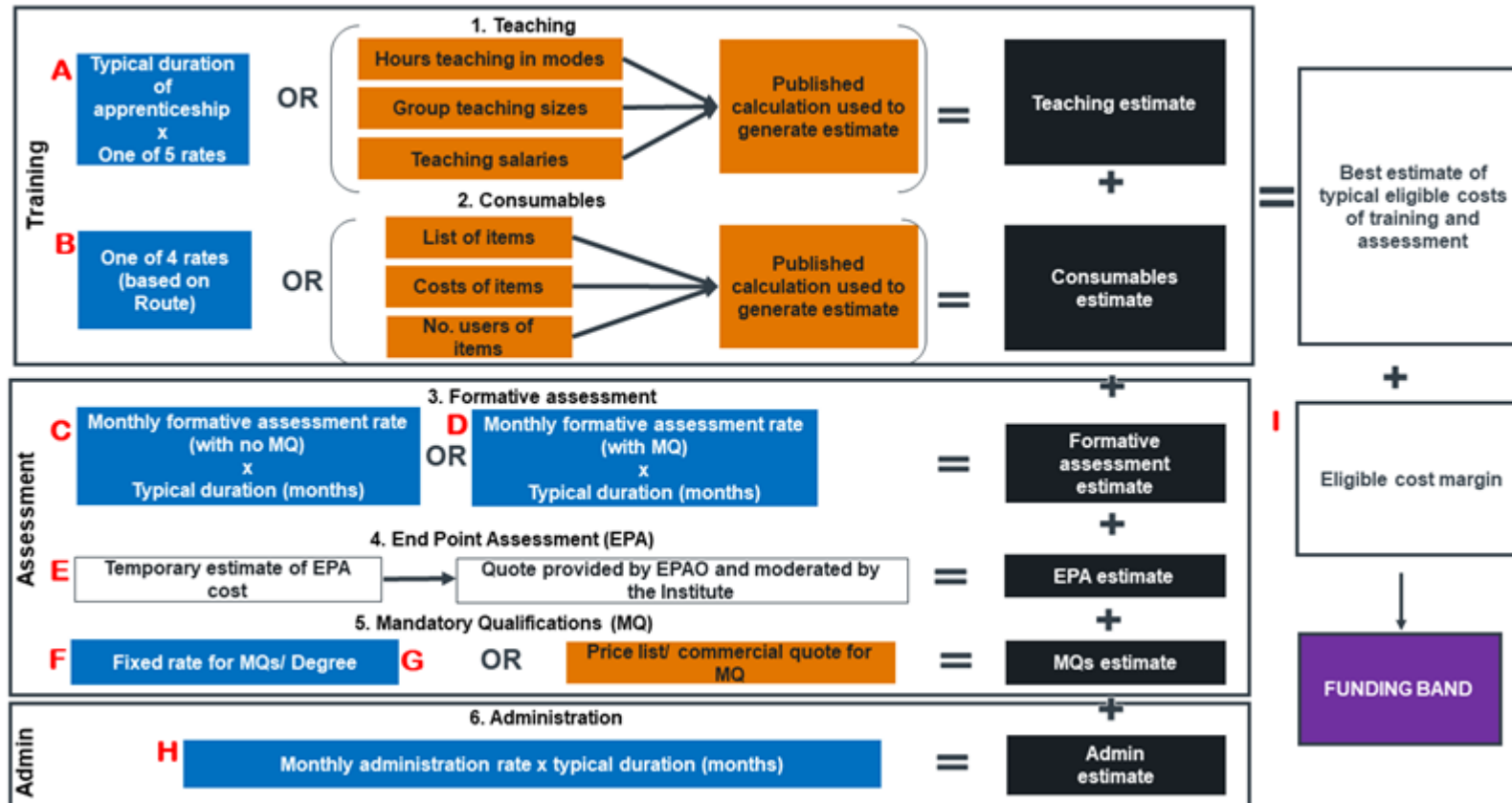
When do you think that smaller group teaching sizes are necessary

for teaching delivery?

Do you have other suggestions for how we can review information provided by trailblazers in the 'variable' element of the proposed model?

ANNEX 1 - DETAILED EXPLANATION OF RATES:

Our proposed method makes use of several different rates and formulas. These, and their origin, are set out in the following table below. In the table, letter references A to H are used. These relate the following parts of the process:



Rates Table

RATE	HOW IS IT USED	VALUE	ORIGIN
Teaching rate – base rate (‘A’ in schematic)	Multiplied by duration to give an initial estimate of teaching cost for apprenticeships in sectors which do not receive a Programme Cost Weighting (PCW) uplift.	£130	Median monthly cost of teaching, reported in <i>Cost of delivering apprenticeship standards</i> (https://www.instituteforapprenticeships.org/media/4011/cost-of-delivering-apprenticeship-standards-final.pdf) (rounded). PCW uplifts taken from https://www.gov.uk/government/publications/adult-education-budget-aeb-funding-rates-and-formula-2019-to-2020
Teaching rate – low cost (‘A’ in schematic)	Multiplied by duration to give an initial estimate of teaching cost for apprenticeships	£140	Median monthly cost of teaching, multiplied by 1.12 (rounded).

RATE	HOW IS IT USED	VALUE	ORIGIN
	in sectors which receive a 'low' PCW uplift.		
Teaching rate – medium cost <i>('A' in schematic)</i>	Multiplied by duration to give an initial estimate of teaching cost for apprenticeships in sectors which receive a 'medium' PCW uplift.	£170	Median monthly cost of teaching, multiplied by 1.3 (rounded)
Teaching rate – high cost <i>('A' in schematic)</i>	Multiplied by duration to give an initial estimate of teaching cost for apprenticeships in sectors	£200	Median monthly cost of teaching, multiplied by 1.6 (rounded)

RATE	HOW IS IT USED	VALUE	ORIGIN
	which receive a 'high' PCW uplift.		
Teaching rate – very high cost <i>('A' in schematic)</i>	Multiplied by duration to give an initial estimate of teaching cost for apprenticeships in sectors which receive a 'specialist' PCW uplift.	£220	Median monthly cost of teaching, multiplied by 1.72 (rounded)
Consumables – very low rate <i>('B' in schematic)</i>	Used to provide an initial estimate of consumables costs	£100	Median cost of consumables, derived from <i>Cost of delivering apprenticeship standards</i> research, for the following routes: <i>Business and administration, Sales, marketing and procurement</i>
Consumables	Used to provide an initial	£200	Median cost of consumables for the following routes:

RATE	HOW IS IT USED	VALUE	ORIGIN
– low rate (‘B’ in schematic)	estimate of consumables costs		<i>Agriculture, environmental and animal care, Care services, Catering and hospitality, Creative and design, Education and childcare, Hair and beauty, Health and science, Legal, finance and accounting, Protective services, Transport and logistics</i>
Consumables – medium rate (‘B’ in schematic)	Used to provide an initial estimate of consumables costs	£300	Median cost of consumables for the following routes: <i>Engineering and manufacturing</i>
Consumables – high rate (‘B’ in schematic)	Used to provide an initial estimate of consumables costs	£400	Median cost of consumables for the following routes: <i>Construction, Digital</i>
Formative assessment – no mandatory quals (‘C’ in	Multiplied by duration where standard has no mandatory qualifications to give an	£20	Median cost of formative assessment derived from <i>Cost of delivering apprenticeship standards</i> research where no mandatory qualification included

RATE	HOW IS IT USED	VALUE	ORIGIN
<i>schematic)</i>	estimate for formative assessment		
Formative assessment – mandatory qualification(s) included <i>(‘D’ in schematic)</i>	Multiplied by duration where standard includes at least one mandatory qualification to give an estimate for formative assessment	£35	Median cost of formative assessment derived from <i>Cost of delivering apprenticeship standards</i> research where at least one mandatory qualification included
Temporary estimate of EPA cost <i>(‘E’ in schematic)</i>	At occupational proposal stage, used to estimate what the end-point assessment estimate could be. Is replaced with an	18%	Mean price of end-point assessment as a % of total eligible costs of training and assessment, reported in <i>Cost of delivering apprenticeship standards</i>

RATE	HOW IS IT USED	VALUE	ORIGIN
	estimate based on quote from an end-point assessment organisation once assessment plan available		
Mandatory qualification estimate (non-Degree) (‘F’ in schematic)	Allocated where at least one non-degree mandatory qualification included in apprenticeship	£300	Median cost of registration, examination/ assessment and certification, reported in <i>Cost of delivering apprenticeship standards</i>
Mandatory qualification estimate (Degree) (‘G’ in	Allocated where at least one degree mandatory qualification included in	TBC	TBC

RATE	HOW IS IT USED	VALUE	ORIGIN
<i>schematic)</i>	apprenticeship		
Administration rate <i>(‘H’ in schematic)</i>	Multiplied by duration to give estimate for administration costs	£30	Median cost of administration reported in <i>Cost of delivering apprenticeship standards</i>
Eligible cost margin <i>(‘I’ in schematic)</i>	Applied to sum of teaching, formative assessment and admin estimates	9%	Margin needed to score maximum points in ‘sustainability’ section of ESFA Financial Health Assessment - https://www.gov.uk/government/publications/esfa-financial-health-assessment

ANNEX 2 – ADDITIONAL NOTES

End-point assessment costs

In time, we expect to generate an estimate of end-point assessment using a rates-based model that reflects differences in assessment methods. In the meantime, when an occupational proposal is approved we will provide a temporary initial estimate end-point assessment as 18% of all costs, in line with research findings, and use this to generate a preliminary 'rates-based' estimate for trailblazers.

When the assessment plan is available, we will obtain quote(s) from end-point assessment organisations and moderate these to arrive at a more precise estimate of the cost of end-point assessment. This refined estimate will be used when making the funding band recommendation and will replace the temporary initial estimate.

We intend to test different approaches to obtaining and moderating quotes from end-point assessment organisations during consultation and subsequently during piloting.

Comparison with the 'initial funding band'

Up until May 2019, when an occupational proposal was approved, we provided the trailblazer with an 'initial funding band'. If the trailblazer considered this level of funding to be too low, they could choose to submit quotes from training providers and end point assessment organisations to allow the Institute to generate a funding band.

When we reviewed the initial funding band in early 2019, we found three main issues. First, it was adding very little value to the process of recommending a funding band, as around 95% of trailblazers rejected it. Second, it performed poorly as a predictor of the actual level of funding recommended for an apprenticeship standard, as less than 4% of initial funding bands were within £1,000 of the actual level of funding recommended. Third, trailblazers did not find it helpful to be provided with initial funding bands which they would then routinely reject.

We replaced the initial funding band with 'early funding information' in spring 2019. Feedback from the consultation suggests this has been a significant improvement. Trailblazers continue to receive information on funding levels early in the process of developing an apprenticeship standard, but the information is not in the form of a consistently low level of funding, it gives information about the range of funding assigned to similar standards to provide a reference point.

Our proposed 'rates-based variable model' starts with trailblazers being provided with a preliminary estimate of funding, which is driven by the duration and sector of the apprenticeship and whether it includes mandatory qualifications. Our testing found that, of standards with starts in 2018/19 and which are currently live for delivery, 24% would have

received a preliminary estimate using the rates-based element of our proposed model that is either the same, or no more than £1,000 different than the current funding band. Those standards represent 45% of apprenticeship starts in 2018/19.

Within our proposed model, we expect many trailblazers will choose to submit information relating to off the job training, consumables and mandatory qualifications to allow a bespoke estimate to be generated, using the 'variable' element of our proposed model. However, as the rates-based level of funding could mean that trailblazers can avoid having to collect, submit and discuss evidence, we believe it is right to include the option to minimise administrative burden on employers who feel that the funding envelope generated through the rates based model would be appropriate for their standard.

The impact of COVID-19

Due to COVID-19, the eligible costs of end point assessments may reduce due to greater remote assessment. However, we expect that quotes from end-point assessment organisations will continue to reflect the published assessment plans, and not temporary discretions or other flexibilities introduced to support apprenticeship assessment during the pandemic.

Salary levels may look different because of COVID-19. We will explore the impact of this on trailblazers providing evidence of salary levels as part of testing during and after the consultation.

Managing the impact of funding band changes on revised standards

When a standard is revised for any reason, the funding band may be revised to recognise changes to the content or duration of the standard. Our [revisions process](#) sets out how this works in detail. To minimise disruption, we expect to apply a mechanism that will limit the impact of reducing the funding band for existing standards that go through the revisions process. For example, this might mean that funding bands can reduce no more than a fixed percentage or set number of funding bands in a 12-month period.

To balance the effect this mechanism would have on overall apprenticeship funding levels, we are also considering applying a similar approach where the model generates a significant increase to the funding band for an existing standard, in particular where there are high volumes of starts. For example, this might mean that funding bands can increase no more than a fixed percentage or set number of funding bands in a 12-month period.