This paper sets out a summary of the findings of the review of delivery models, activity levels and activity costs for the Construction frameworks

**Background**

The review of activity costs is based on a standard methodology and modelling tools that are being applied consistently across all sectors in scope.

The approach is based on:

- Access to LSC data to inform the review
- Dialogue with the sector body on apprenticeship issues
- Interviews with effective providers (i.e. those providers with good or above average inspection grades and apprenticeship success rates) to establish activity levels
- An expert panel meeting to review data and evidence on activity levels
- Modelling of activity costs against provider data and panel advice
- Consultation with the sector on the panel advice and issues emerging
- Moderation of panel advice by an LSC project group

**A Phased Approach to Reviews**

Apprenticeship frameworks have been reviewed in four phases over the period from September 2005 to December 2006. Frameworks reviews in phase 1 were completed in January 2006 leading to funding rate changes in August 2006.

The activity costs models and assumptions were maintained over the four phases but the methodology was enhanced in phase 2 to include improved information for expert panels and more detailed feedback to providers on issues and expert panel advice.

The Construction frameworks were reviewed in phase 1. This report includes some summary data and information and activity costs presentation material that was developed as part of phase 2.
Funding Rates for NVQs and Apprenticeships

LSC Data

LSC data from 2004/05 ILR data used to inform the review were:

**Numbers in Learning**

<table>
<thead>
<tr>
<th></th>
<th>Starts (Monthly Average 2005)</th>
<th>In Learning (July 2005)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>16 - 19</td>
<td>19+</td>
</tr>
<tr>
<td>Apprenticeship</td>
<td>83%</td>
<td>17%</td>
</tr>
<tr>
<td>Advanced</td>
<td>52%</td>
<td>48%</td>
</tr>
</tbody>
</table>

*Average taken from quarterly reports (January/April/July/October 2005)

**Success Rates**

<table>
<thead>
<tr>
<th></th>
<th>Framework</th>
<th>NVQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apprenticeship</td>
<td>41%</td>
<td>10%</td>
</tr>
<tr>
<td>Advanced</td>
<td>35%</td>
<td>27%</td>
</tr>
</tbody>
</table>

*Source: ILR 2004/2005 Period 12

**Average Length of Stay in Months**

<table>
<thead>
<tr>
<th></th>
<th>Non completion</th>
<th>Framework</th>
<th>NVQ Only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apprenticeship</td>
<td>12.0</td>
<td>21.7</td>
<td>24.1</td>
</tr>
<tr>
<td>Advanced</td>
<td>19.0</td>
<td>18.9</td>
<td>19.1</td>
</tr>
</tbody>
</table>

*Source: ILR 2004/2005 Period 12 and LSC Data

**Provider Interviews**

A sample of effective providers was identified in discussion with the Construction Industry Training Board (CITB).

These providers were interviewed in December 2005 and January 2006 through a series of visits to provider locations.

A completed survey form was shared with each provider to review and update. A summary of the provider comments on delivery models and activity levels was shared with the providers in the interview sample for comment and feedback.

**Expert Panel**

CITB convened an expert panel with representatives from:

- CITB
- Adult Learning Inspectorate
Funding Rates for NVQs and Apprenticeships

- FE Colleges
- An independent provider nominated by the Association of Learning Providers
- The consultant to the project

The contact from an awarding body was not able to attend the meeting.

Expert Panel Meeting and Advice

The panel met on 27 January 2006 and reviewed the data and evidence from the LSC and provider surveys. The panel used this evidence to formulate advice on activity levels for effective delivery.

The panel discussed a range of perceived anomalies in the current funding arrangements including:

- ‘Under-funding’ of apprenticeship frameworks that were resource intensive and planned to take up to 24 months to complete
- ‘Over-funding’ of advanced apprenticeships for learners who progressed from an apprenticeship framework that were planned to take around 18 months to complete but were funded at a higher level than the 24 month apprenticeship programme
- LSC published funding rates for the Intermediate Construction Award (ICA) and Advanced Construction Award (ACA) showing a funding rate of £2.89 per guided learning hour for the ICA and £1.36 per guided learning hour for the ACA

Apprenticeship Pathways and Panel Advice

The panel discussed the pathways that learners follow and noted that a number of learners may be following an FE funded programme at level 1 as a form of pre-entry activity prior to starting on an apprenticeship funded programme.

The panel agreed to provide advice on activity levels for learners that:

- Entered an apprenticeship programme without any pre-entry level 1 programme
- Progressed to an advanced programme having completed an apprenticeship programme

The panel agreed that very few learners would enter directly into an advanced apprenticeship and that providers would be unlikely to offer a combined level 2 and level 3 programme as an advanced apprenticeship single programme.

The advice from the panel was circulated to panel members after the meeting for their further comment and approval.
Expert Panel Advice for Apprenticeship Delivery

The expert panel set out their advice as a basis for establishing the costs of a model 'of effective delivery. This is not intended to be a ‘recipe’ that providers should follow.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Panel Advice 2006</th>
<th>Notes and Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned Time to Complete</td>
<td>21 months</td>
<td>Estimated time for effective delivery based on provider interviews and LSC data</td>
</tr>
<tr>
<td>Group based knowledge and skills</td>
<td>650 hours</td>
<td>A range of day release or block release approaches of about 100 days of 6.5 hours per day with additional time for key skills workshops</td>
</tr>
<tr>
<td>Work based knowledge and skills</td>
<td>1.0 days</td>
<td>A programme of regular visits to the work place with most visit time allocated to work based observation and assessment augmented with assessment through simulated workshop sessions</td>
</tr>
<tr>
<td>NVQ assessment and support</td>
<td>7.0 days</td>
<td>Lead internal verifier time per learner for joint assessor visits, portfolio sampling and moderation meetings and activities</td>
</tr>
<tr>
<td>NVQ quality assurance</td>
<td>1.5 days</td>
<td></td>
</tr>
<tr>
<td>Group based key skills</td>
<td>60 hours</td>
<td>The panel advice includes 60 hours of group based activity for key skills units</td>
</tr>
<tr>
<td>Work based key skills</td>
<td>0 days</td>
<td></td>
</tr>
<tr>
<td>Regular review</td>
<td>2.0 days</td>
<td>Delivered as part of the programme of work based visits by assessors</td>
</tr>
<tr>
<td>Learner support</td>
<td>1.0 day</td>
<td></td>
</tr>
<tr>
<td>Entry activities 1:1</td>
<td>1.5 days</td>
<td>An entry programme: an interview (1/2 day), assessment (1/2 day) and a work based induction (1/2 day) all 1:1 time with an assessor</td>
</tr>
<tr>
<td>Group based induction</td>
<td>7 hours</td>
<td>A day induction programme as part of an effective model of delivery with additional time</td>
</tr>
<tr>
<td>Registration Certification</td>
<td>£ 200</td>
<td>Based on costs of NVQ, Key Skills and sector body certificate</td>
</tr>
</tbody>
</table>

**Note:** The allocated time for work based assessor activity is equivalent to a full-time assessor caseload of 1:36 although assessment may be completed by a combination of work based and work shop assessment and in some cases learner support and regular review completed by other designated staff.
Funding Rates for NVQs and Apprenticeships

Activity Costs for Apprenticeship Delivery

The activity costs model has been set up to compare the LSC funding in 2005/06 to the reported activity levels with the following costs assumptions:

- Group based classroom activity weighted at factor C1
- Assessor employment costs weighted at factor D2 based on independent research on salary rates and employments costs
- Registration and Certification costs of £200 based on information collected from awarding bodies

The model includes a factor for success rates and this is based on the reported 2004/05 success rates of 41% uplifted to a minimum level of 51% to reflect at least 10% improvement in success rates by 2007/08.

The activity costs emerging from the review were:

![Current Funding and Activity Costs](image)

This suggests that activity costs for effective delivery are significantly above the current funding rates based on direct entry to a level 2 programme without any pre-entry programme.

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1 This is based on the LSC programme weighting factors for guided learning hours
2 A separate report on employment costs provides more details of the bands and methodology used to map sectors to employment bands
**Expert Panel Advice for Advanced Apprenticeship Delivery**

The expert panel set out their advice as a basis for establishing the costs of a model of effective delivery. *This is not intended to be a ‘recipe’ that providers should follow.*

<table>
<thead>
<tr>
<th>Activity</th>
<th>Panel Advice 2006</th>
<th>Notes and Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned Time to Complete</td>
<td>18 months</td>
<td>Estimated time for effective delivery based on provider interviews and LSC data and progression from a level 2 programme</td>
</tr>
<tr>
<td>Group based knowledge and skills</td>
<td>290 hours</td>
<td>A programme of day release sessions with additional time allocated for key skills workshops</td>
</tr>
<tr>
<td>Work based knowledge and skills</td>
<td>1.0 days</td>
<td>A programme of regular visits to the work place with most visit time allocated to work based observation and assessment augmented with assessment through simulated workshop sessions</td>
</tr>
<tr>
<td>NVQ assessment and support</td>
<td>6.0 days</td>
<td></td>
</tr>
<tr>
<td>NVQ quality assurance</td>
<td>1.5 days</td>
<td>Lead internal verifier time per learner for joint assessor visits, portfolio sampling and moderation meetings and activities</td>
</tr>
<tr>
<td>Group based key skills</td>
<td>60 hours</td>
<td>The panel advice includes 60 hours of group based activity for key skills units</td>
</tr>
<tr>
<td>Work based key skills</td>
<td>0 days</td>
<td></td>
</tr>
<tr>
<td>Regular review</td>
<td>1.5 days</td>
<td>Delivered as part of the programme of work based by assessors</td>
</tr>
<tr>
<td>Learner support</td>
<td>1.0 days</td>
<td></td>
</tr>
<tr>
<td>Entry activities 1:1</td>
<td>1.5 days</td>
<td>An entry programme: an interview (1/2 day), assessment (1/2 day) and a work based induction (1/2 day) all 1:1 time with an assessor</td>
</tr>
<tr>
<td>Group based induction</td>
<td>7 hours</td>
<td>A day induction programme as part of an effective model of delivery</td>
</tr>
<tr>
<td>Registration Certification</td>
<td>£ 180</td>
<td>Based on costs of NVQ, Key Skills and sector body certificate</td>
</tr>
</tbody>
</table>

**Note:** The allocated time for work based assessor activity is equivalent to a *full-time* assessor caseload of 1:30 although assessment may be completed by a combination of work based and work shop assessment and in some cases learner support and regular review completed by other designated staff.
Activity Costs for Advanced Apprenticeship Delivery

The activity costs model has been set up to compare the LSC funding in 2005/06 to the reported activity levels with the following costs assumptions:

- Group based classroom activity weighted at factor $C^3$
- Assessor employment costs weighted at factor $D^4$ based on independent research on salary rates and employments costs
- Registration and Certification costs of £ 180 based on information collected from awarding bodies

The model includes a factor for success rates and this is based on the reported 2004/05 success rates of 35% uplifted to a minimum level of 50% to reflect improvement in success rates by 2007/08.

The activity costs emerging from the review were:

![Current Funding and Activity Costs](chart)

This suggests that activity costs for effective delivery significantly below the current rates based on a planned time to complete of around 18 months and progression from an apprenticeship programme.

The activity costs are close to the current LSC funding before any assumed employer contribution.

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3 This is based on the LSC programme weighting factors for guided learning hours
4 A separate report on employment costs provides more details of the bands and methodology used to map sectors to employment bands
Moderation and LSC Data Modelling

The LSC has established a moderation group with representation from the Association of Learning Providers to review panel advice and activity costs.

The advice from the CITB expert panel was reviewed at the moderation meeting in January 2006.

Apprenticeship

The moderation group took the view that the activity costs model should be revised to reflect the level of assessment that takes place in workshop conditions with additional work based assessment time leading to:

- A reduction of 4 days in the time allocated for assessment that the group felt had been overstated.

The activity costs emerging from the revised models were:

![Current Funding and Activity Costs](image)

This suggests activity costs above the current funding rates for direct entry to an apprenticeship programme with workshop assessment and some work based assessment.

The reconvened expert panel\(^5\) meeting on 27 April 2007 discussed the decision of the moderation group and advised that:

- The activity levels should be reviewed again at a further meeting of the expert panel during 2006/07 and that additional data and evidence might be collected to inform this review.

\(^5\) See later section of report for details of this re-convened panel meeting.
Advanced Apprenticeship

The moderation group took the view that the activity costs model should be revised to reflect the level of assessment that takes place in workshop conditions with additional work based assessment time leading to:

- A reduction of 1.5 days in the time allocated for assessment that the group felt had been overstated.

The activity costs emerging from the revised models were:

![Current Funding and Activity Costs](chart)

This suggests activity costs slightly significantly below the current funding rates.
Pre-Entry Programmes and their Impact on Activity Levels

The moderation group discussed issues in the construction sector around the activities that are required for delivery of an apprenticeship after completion of a level 1 pre-entry programme and the funding rate that should be used when that route is followed.

The LSC commissioned further interviews with providers to establish activity levels for apprenticeship programmes that follow a pre-entry level 1 programme.

A sample of providers was interviewed in April 2006 and CITB arranged re-convened the expert panel on 27 April 2006 to discuss and advise on this issue.

Re-Convenced Expert Panel Meeting

The panel debated the purpose and value of a pre-entry level programme and agreed that:

a. Many learners entered the construction industry direct from school and with limited experience of craft based skills. These learners may benefit through the development of their craft based skills through a pre-entry programme

b. All learners are thoroughly assessed before entry and in some cases were just below minimum criteria that providers use as a benchmark for an apprenticeship programme. These learners are offered a pre-entry programme

c. Learners should enter an apprenticeship programme where they meet the entry requirements and have the necessary aptitude

The panel recognised that the pre-entry programme provides a good foundation of knowledge and skills and that this would lead to reduced duration, activity levels and costs for an apprenticeship programme planned to follow a pre-entry programme.

The panel were concerned that some providers may direct learners to a pre-entry programme to secure a funding advantage.

The panel agreed to provide advice to the LSC on activity levels for an apprenticeship programme planned to follow a pre-entry programme to neutralise any funding incentives under the current arrangements.

The panel stressed that all learners should follow the pathway that meets their needs.

The panel suggested that more work could be done to establish and maintain sector criteria for learner progression pathways.
Activity Levels for an Apprenticeship after a Pre-Entry Programme

The panel reviewed the new data and evidence and advised that:

- The group based hours should be around 450 hours
- Assessment, Learner Support and Internal Verification should be at the same activity levels as a direct entry apprenticeship programme
- The entry programme should include 1 day of 1:1 activity and a group based induction session of around 6 hours
- Regular review should be around 1 day in line with the planned length of the programme

The panel noted that many learners will have completed their key skills units as part of a pre-entry programme. *This is not intended to be a ‘recipe’ that providers should follow.*

<table>
<thead>
<tr>
<th>Activity</th>
<th>Direct entry to level 2</th>
<th>Level 2 after Level 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group based knowledge and skills</td>
<td>650 hours</td>
<td>450 hours</td>
</tr>
<tr>
<td>NVQ assessment and support</td>
<td>8 days</td>
<td>4 days</td>
</tr>
<tr>
<td>NVQ quality assurance</td>
<td>1.5 days</td>
<td>1.5 days</td>
</tr>
<tr>
<td>Group based key skills</td>
<td>60 hours</td>
<td>60 or 0 hours</td>
</tr>
<tr>
<td>Regular review</td>
<td>2 days</td>
<td>1 day</td>
</tr>
<tr>
<td>Learner support</td>
<td>1 day</td>
<td>1 day</td>
</tr>
<tr>
<td>Entry activities 1:1</td>
<td>1.5 days</td>
<td>1 day</td>
</tr>
<tr>
<td>Group based induction</td>
<td>7 hours</td>
<td>0 hours</td>
</tr>
</tbody>
</table>

The panel stressed that their advice was for an average set of activities that would support effective delivery and that it was not intended as a *recipe for delivery.*
Funding Rates for NVQs and Apprenticeships

Funding Rates for Advanced Apprenticeships

The panel expressed concerns across the sector around the impact of a significant reduction in the funding for an advanced apprenticeship based on their advice on activity levels.

The panel agreed that the sector would need to secure employer contributions to support advanced apprenticeship programme but noted that this would require a culture change across the provider and employer interface. The panel stressed that this change would take time to achieve.

The panel encouraged the LSC to review the funding rates for an advanced apprenticeship and implement any changes on a staged basis.

The LSC agreed to implement all changes over two years.

Funding Rate Changes

The LSC is implementing changes to the funding rates based on the review and the advice on activity levels and activity costs and the decisions of the moderation group.

The changes are:

**Apprenticeship Direct Entry**

- An increase of 25% to the NVQ2 rate phased in over 2 years
- This is equivalent to an increase of 19% in the apprenticeship rate

**Apprenticeship after completion of a level 1 pre-entry programme**

- A reduction in the apprenticeship funding by 20% of the framework rate

**Advanced Apprenticeship**

- A reduction of 55% to the NVQ3 rate phased in over 2 years
- This is equivalent to a 45% reduction in the overall framework funding rate consistent with the moderated advice

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6 Further details are available in the LSC publication *Requirements for Funding Work-based Learning for Young People 2006/07*
Funding Rates for NVQs and Apprenticeships

ANNEX A

Funding Profile

There is a DfES policy that employers should make a contribution to the costs of delivery for learners over the age of 19. This is implemented through the LSC funding rates by a reduction in the 19+ rate based on an assumed contribution.

The funding profile on the activity costs graphs sets out the sector based proportions of LSC funding and assumed employer contribution using:

- LSC data on age at entry
- LSC funding rates for 16-18 and 19+ learners

This is included for information and does not impact on the activity costs although it will impact on how providers recover the funding for the activities they deliver.

Caseloads, Visits and Days of 1:1 time

The activity costs model uses days of 1:1 time to include the costs of assessor time in the workplace. A daily rate is calculated by taking the annual employment costs and dividing this by an assumed 200 days of work place visit time for a full-time assessor.

Where an assessor has a caseload of 1:25 learners an assessor will allocate an average of 200/25 = 8 days of 1:1 time in the workplace per year for each learner. For a programme planned to take 15 months this would mean 10 days of 1:1 time over the duration of the programme.

This time may be apportioned across:

- Knowledge and skills development
- Observation and assessment
- Regular review
- Learner support and advice

The activity costs model includes days for each of these activities and the costs of these days are included at the daily rate.

These days of support may be delivered through a programme of regular visits seeing 2 to 3 learners per day - on average. So over a 15 month programme 10 days could be delivered as:

- 20 visits (every 3 weeks) seeing an average of 2 learners per day
- 30 visits (every 2 weeks) seeing an average of 3 learners per day