This paper sets out a summary of the findings of the review of delivery models, activity levels and activity costs for the Business Administration 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 Business Administration 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>16 - 19</th>
<th>19+</th>
<th>Total</th>
<th>In Learning (July 2005)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apprenticeship</td>
<td>74%</td>
<td>26%</td>
<td>1100</td>
<td>Total 13,634</td>
</tr>
<tr>
<td>Advanced</td>
<td>37%</td>
<td>63%</td>
<td>238</td>
<td>Total 4,397</td>
</tr>
</tbody>
</table>

Source: ILR 2004/2005
*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>49%</td>
<td>9%</td>
</tr>
<tr>
<td>Advanced</td>
<td>44%</td>
<td>16%</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>7.0</td>
<td>15.6</td>
<td>17.5</td>
</tr>
<tr>
<td>Advanced</td>
<td>12.0</td>
<td>21.3</td>
<td>24.3</td>
</tr>
</tbody>
</table>

Provider Interviews

A sample of effective providers was identified in discussion with the Council for Administration (CfA).

These providers were interviewed in November 2005 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

CfA convened an expert panel with representatives from:

- CfA
- Adult Learning Inspectorate
- An awarding body
- An FE College
- Learning and Skills Development Agency
- The consultant to the project

The provider nominated by the Association of Learning Providers was not able to attend the meeting. Follow up meetings took place with the provider contact to discuss and review the panel advice.

Expert Panel Meeting and Advice

The panel met on 15 December 2005 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.

CfA advised that new framework standards were implemented in August 2005.

The panel noted that providers might not have been able to detail their proposals for delivery models and activity levels for the new standards. The panel agreed to:

- Use the data and evidence on current activity levels as a baseline to inform their discussions
- Provide advice looking forward to models of delivery and activity levels based on the new standards
- Recommend a further review of activity levels as providers embed their models of delivery and activity levels after September 2006

The panel also noted that some providers are starting to develop e–portfolio approaches to NVQ assessment and management. The panel agreed that this would have an impact on activity levels for work based assessment and recommended that this should be reviewed after these new approaches had been developed and embedded.

The advice from the panel was circulated to panel members after the meeting for their further comment and approval.

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1 Annex A to this report contains comment on that review
Funding Rates for NVQs and Apprenticeships

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>15 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>80 hours</td>
<td>A programme of 20 half day sessions with learner access to self directed learning materials estimated costs of £170 per learner</td>
</tr>
<tr>
<td>Work based knowledge and skills</td>
<td>0 days</td>
<td>A programme of regular visits to the work place with most visit time allocated to knowledge and skills development and work based observation and assessment</td>
</tr>
<tr>
<td>NVQ assessment and support</td>
<td>5.0 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 a notional 60 hours of group based activity for key skills units although in practice there will be a range of approaches to deliver including 1:1 support in the work place as part of assessor visits</td>
</tr>
<tr>
<td>Work based key skills</td>
<td>0 days</td>
<td></td>
</tr>
<tr>
<td>Regular review</td>
<td>1.0 days</td>
<td></td>
</tr>
<tr>
<td>Learner support</td>
<td>1.0 day</td>
<td></td>
</tr>
<tr>
<td>Entry activities 1:1</td>
<td>2.0 days</td>
<td>An enhanced entry programme: an interview (1/2 day), assessment (1 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>6 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><strong>£ 182</strong></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 1:35 with separate staff responsible for entry activities and key skills support.
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 A\(^2\)
- Assessor employment costs weighted at factor A\(^3\) based on independent research on salary rates and employments costs
- Registration and Certification costs of £182 based on information collected from awarding bodies
- Costs of self directed learning materials estimated at £170 per learner

The model includes a factor for success rates and this is based on the reported 2004/05 success rates of 49% uplifted to a minimum level of 59% to reflect at least 10% improvement in success rates by 2007/08.

The activity costs emerging from the review were:

![Graph showing Current Funding and Activity Costs](image)

This suggests that activity costs for effective delivery are below the current funding rates based on delivery of the new standards.

The expert panel recommended a review of activity levels in 2006 to review the impact of the new standards.

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\(^2\) This is based on the LSC programme weighting factors for guided learning hours

\(^3\) A separate report on employment costs provides more details of the bands and methodology used to map sectors to employment bands
**Funding Rates for NVQs and Apprenticeships**

**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>100 hours</td>
<td>A programme of 20 half day sessions with learner access to self directed learning materials estimated costs of £170 per learner</td>
</tr>
<tr>
<td>Work based knowledge and skills</td>
<td></td>
<td>A programme of regular visits to the work place with most visit time allocated to knowledge and skills development and work based observation and assessment</td>
</tr>
<tr>
<td>NVQ assessment and support</td>
<td>6.0 days</td>
<td>Lead internal verifier time per learner for joint assessor visits, portfolio sampling and moderation meetings and activities – increased to reflect the implementation of new standards</td>
</tr>
<tr>
<td>NVQ quality assurance</td>
<td>1.75 days</td>
<td>The panel advice includes a notional 60 hours of group based activity for key skills units although in practice there will be a range of approaches to deliver including 1:1 support in the work place as part of assessor visits</td>
</tr>
<tr>
<td>Group based key skills</td>
<td>60 hours</td>
<td></td>
</tr>
<tr>
<td>Work based key skills</td>
<td>0 days</td>
<td></td>
</tr>
<tr>
<td>Regular review</td>
<td>1.25 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>2.0 days</td>
<td>An enhanced entry programme: an interview (1/2 day), assessment (0.5 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>6 hours</td>
<td>A day induction programme as part of an effective model of delivery</td>
</tr>
<tr>
<td>Registration Certification</td>
<td>£182</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 1:35 with separate staff responsible for entry activities and key skills support.
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 A
- Assessor employment costs weighted at factor A based on independent research on salary rates and employments costs
- Registration and Certification costs of £182 based on information collected from awarding bodies
- Costs of self directed learning materials estimated at £240 per learner

The model includes a factor for success rates and this is based on the reported 2004/05 success rates of 44% uplifted to a minimum level of 54% to reflect improvement in success rates by 2007/08.

The activity costs emerging from the review were:

This suggests that activity costs for effective delivery below the current rates based on a planned time to complete of around 18 months. The activity costs are close to the current LSC funding before any assumed employer contribution.

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4 This is based on the LSC programme weighting factors for guided learning hours
5 A separate report on employment costs provides more details of the bands and methodology used to map sectors to employment bands
Funding Rates for NVQs and Apprenticeships

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 CfA expert panel was reviewed at the moderation meeting in January 2006.

Apprenticeship

The moderation group took the view that the activity costs model should include:

- An additional 1 day of 1:1 support for work based knowledge and skills
- A reduction of 0.5 day in the time allocated for quality assurance that the group felt had been overstated.

The impact of the moderation advice was to reduce the assessor caseload closer to 1:30. The activity costs emerging from the revised models were:

![Current Funding and Activity Costs](image)

This suggests activity costs slightly below the current funding rates.
Funding Rates for NVQs and Apprenticeships

Advanced Apprenticeship

The moderation group took the view that the activity costs model should include:

- An additional 1 day of 1:1 support for work based knowledge and skills
- An increase of 0.5 day in the time allocated for quality assurance that the group felt had been understated.
- An increase in the time for regular review from 1.25 to 2.0 days

The impact of the moderation advice was to reduce the assessor caseload closer to 1:30. The activity costs emerging from the revised models were:

![Current Funding and Activity Costs](image)

This suggests activity costs slightly below the current funding rates.
Funding Rates for NVQs and Apprenticeships

Funding Rate Changes\(^6\)

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**

- A reduction of 3 per cent to the NVQ2 rate phased in over 2 years

**Advanced Apprenticeship**

- A reduction of 32% to the NVQ3 rate phased in over 2 years

- This is equivalent to a 23% reduction in the overall framework funding rate consistent with the moderated advice

\(^6\) Further details are available in the LSC publication *Requirements for Funding Work-based Learning for Young People 2006/07*
Review of the Implementation of the New Standards – Activity Levels

CfA conducted further interviews with a sample of effective providers to review the delivery models and activity levels emerging following the implementation of the new framework standards.

The new standards were introduced in August 2005 and this review was carried out during September 2006. Three effective providers were identified and interviewed on their models of delivery and activity levels. The activity costs emerging from this review were compared to the new funding rates.

Apprenticeship Activity Costs

The activity levels emerging from the review were:

- Time to complete 12 to 15 months
- Group based sessions 50 – 180 hours
- Work based assessment and support with caseloads from 1:30 up to 1:35.

The graph sets out the Apprenticeship (Level 2) current funding and activity costs emerging from provider interviews that took place in the summer of 2006 and expert panel advice from December 2005.

This suggests that the advice made by the 2005 expert panel is in line with the outcomes from the 2006 review (provider A, B and C interviews took place over the summer of 2006).
Advanced Apprenticeship

The activity levels emerging from the review were:

- Time to complete 15 to 21 months
- Group based hours between 50 and 240
- Work based assessment and support with caseloads from 1:30 up to 1:35.

The graph sets out the Advanced Apprenticeship (Level 3) current funding and activity costs emerging from provider interviews that took place in the summer of 2006 and expert panel advice from December 2005.

This suggests that the advice made by the 2005 expert panel is in line with the outcomes from the 2006 review (provider A, B and C interviews took place over the summer of 2006).
Funding Rates for NVQs and Apprenticeships

ANNEX B

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 workplace 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