This paper sets out the findings of the review of delivery models, activity levels and activity costs for the Wholesale, Distribution, Warehousing and Storage 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

**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>56%</td>
<td>44%</td>
</tr>
<tr>
<td>Advanced</td>
<td>0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: ILR 2004/2005

*Average taken from quarterly reports (January/April/July/October 2005)
Funding Rates for NVQs and Apprenticeships

Success Rates

<table>
<thead>
<tr>
<th></th>
<th>Framework</th>
<th>NVQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apprenticeship</td>
<td>31%</td>
<td>17%</td>
</tr>
<tr>
<td>Advanced</td>
<td>18%</td>
<td>15%</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>7.2</td>
<td>13.9</td>
<td>15.4</td>
</tr>
<tr>
<td>Advanced</td>
<td>12.5</td>
<td>21.5</td>
<td>21.7</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 Skills for Logistics. These providers were interviewed during May 2006 and June 2006 through a series of visits to provider locations. Only one provider in the sample was offering the advanced apprenticeship framework. This reflects the patterns of recruitment and progression in the sector.

A completed survey form was shared with each provider to review and update. A summary of the activities and issues emerging was shared with the providers in the interview sample for comment and feedback.

Models of Delivery

The model of delivery for all providers in the sample was based on regular work based visits by assessors or trainers to provide:

- underpinning knowledge
- key skills support
- assessment
- learner support and advice
- regular review

Some providers invited learners to a centre for further key skills support and workshops in preparation for the key skills tests.
Apprenticeship

Reported activity levels were:

- An entry programme based on a 1:1 interview, assessment and work based induction
- Time to complete between 13 to 16 months
- Assessor caseload of between 1:30 and up to 1:45.
- Regular visits to the work place every 4 to 6 weeks to provide:
  - Underpinning knowledge and skills
  - Key skills support
  - Work based assessment
  - Regular review every 12 weeks
  - Learner support and advice
  - A system of internal verification

Advanced Apprenticeship

Reported activity levels were:

Similar patterns and levels of activity over an extended period of 18 months but with small numbers of learners Provider Comment: There is less observation and greater focus on learner experience, evidence and witness testimony for the advanced apprenticeship

Expert Panel

Skills for Logistics convened an expert panel with representatives from:

- Skills for Logistics
- Adult Learning Inspectorate
- Awarding body representatives
- A provider nominated by the Association of Learning Providers
- The consultant to the project
Funding Rates for NVQs and Apprenticeships

Expert Panel Meeting and Advice

The panel met on 19 September 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.

Skills for Logistics noted that there are two frameworks covering a similar occupational area and that these were inherited from previous sector bodies when Skills for Logistics was established:

- Wholesale, Distribution, Warehousing & Storage (267) has its origins in the retail sector and includes 2 mandatory and 2 optional key skills units. There were over 1000 learners in learning on this framework in 2004/05

- Storage & Warehousing (323) was developed by Skills for Logistics and there were about 160 learners in learning on this framework in 2004/05

Skills for Logistics advised that a framework review was in progress with the aim of developing a new single framework that addressed the needs of the occupational area for approval and implementation in 2007. The new framework standards will also be updated to include areas such as *Just in Time, Pick and Pack and Pallet Operations*.

The panel agreed to provide advice based on the review of the delivery of the Wholesale, Distribution, Warehousing & Storage (267) frameworks and took the view that the same advice would apply for Storage & Warehousing (323).

The panel debated developments in the sector and noted that:

- There had been significant growth in warehousing operations over the last decade but this growth had slowed in recent years

- The market for storage and warehousing is very competitive and employers are reluctant to contribute towards the costs of apprenticeship programmes in the current economic climate.

The panel discussed issues around the progression opportunities available to learners who completed an apprenticeship programme and noted that the advanced framework focussed on management and organisational improvement areas that many learners would be unlikely to progress on to in their career.

Providers reported that there was a need to work with employers on issues around Health and Safety and Equal Opportunities to secure a safe and effective learning environment and were concerned that these activities should be included in the activity costs model.

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>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>14 hours</td>
<td>Around 14 hours or 2 full days of group based training to address areas such as Health and Safety and First Aid.</td>
</tr>
<tr>
<td>Work based knowledge and skills</td>
<td>2.0 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>2.0 days</td>
<td></td>
</tr>
<tr>
<td>NVQ quality assurance</td>
<td>1.25 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>36 hours</td>
<td>The panel suggested that key skills would be delivered through attendance at a centre for some workshop activity and key skills tests with further support through work based visits</td>
</tr>
<tr>
<td>Work based key skills</td>
<td>1.0 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 visits by assessors</td>
</tr>
<tr>
<td>Learner support</td>
<td>1.25 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>0 hours</td>
<td>Induction through early work based visits</td>
</tr>
<tr>
<td>Registration Certification</td>
<td>£ 135</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 1:33. This is lower than reported caseloads and was recommended by the expert panel as a basis for effective delivery.
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\(^1\)
- Assessor employment costs weighted at factor A\(^2\) based on independent research on salary rates and employments costs
- Registration and Certification costs of £ 135 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 31% 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](image)

This suggests that activity costs for *effective delivery* are slightly below the current funding rates

The expert panel recommended a review of activity levels in 2007 as part of the development and approval of the new framework standards.

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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.*

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<tr>
<td>NVQ assessment and support</td>
<td>3.0 days</td>
<td>Lead internal verifier time per learner for joint assessor visits, portfolio sampling and moderation meetings and activities</td>
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<td>Group based induction</td>
<td>0 hours</td>
<td>Induction through early work based visits</td>
</tr>
<tr>
<td>Registration Certification</td>
<td>£ 165</td>
<td>Based on costs of NVQ, Key Skills and sector body certificate</td>
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**Note:** The allocated time for work based assessor activity is equivalent to a *full-time* assessor caseload of 1:30. This is lower than reported caseloads and was recommended by the expert panel as a basis for effective delivery.
Funding Rates for NVQs and Apprenticeships

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 $A^3$
- Assessor employment costs weighted at factor $A^4$ based on independent research on salary rates and employments costs
- Registration and Certification costs of £165 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 18% uplifted to a minimum level of 50% to reflect improvement in success rates by 2007/08.

The activity costs emerging from the review were:

The activity costs are around the level of LSC funding before any assumed employer contribution.

This suggests that activity costs for effective delivery below the current rates based on a planned time to complete of around 18 months activity levels based on the same pattern of delivery for an apprenticeship framework with an increased time to complete.

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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
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 Skills for Logistics expert panel was reviewed at the moderation meeting in October 2006. The panel advice on activities was used to model the activity costs and the funding rates for the apprenticeship and the advanced apprenticeship.

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

- A reduction in the NVQ2 rate of 8% phased over 2 years

- This is equivalent to a reduction of 7% in the framework rate consistent with the activity costs review and advice

Advanced Apprenticeship

- NO changes to the NVQ3 rates pending a review of the new framework standards