Funding Rates for NVQs and Apprenticeships

263 Customer Services - Final Report on Review

This paper sets out a summary of the findings of the review of delivery models, activity levels and activity costs for the Customer Services 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>37%</td>
<td>63%</td>
</tr>
<tr>
<td>Advanced</td>
<td>15%</td>
<td>85%</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>45%</td>
<td>11%</td>
</tr>
<tr>
<td>Advanced</td>
<td>32%</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>6.1</td>
<td>12.6</td>
<td>15.1</td>
</tr>
<tr>
<td>Advanced</td>
<td>9.9</td>
<td>19.3</td>
<td>20.3</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 Institute of Customer Services (ICS).

These providers were interviewed in May and June 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 activities and issues emerging was shared with the providers in the interview sample for comment and feedback.

Models of Delivery

The models of delivery identified through the sample of providers interviewed were:

- Limited opportunity for group based sessions for underpinning knowledge
- Work based delivery of underpinning knowledge with supporting materials carried on assessor laptops or access to provider web pages
- Use of self directed learning materials with estimated costs range from £ 50 to £ 150 per learner
- Work based delivery of key skills through assessor visits
- Work based assessment of learners
- Target caseloads for assessors from 1:30 up to 1:40
- Some assessors provide knowledge and skills training, assessment, regular review and learner support and advice through their work based visits while other providers have specialist staff for learner support, regular review and key skills support
Apprenticeship

Activity Levels

Reported activity levels were:

- Planned time to complete from 12 – 14 months
- Some group based induction where learners are close to the centre
- Self directed learning materials estimated at £ 50 per learner
- Assessor visits every 3-6 weeks – 2 to 3 learners per day
- Assessor caseloads of between 1:30 and 1:40

Advanced Apprenticeship

Activity Levels

Reported activity levels were:

- Planned time to complete between 12 and 24 months
- Some learners progress to the advanced programme from an apprenticeship in Customer Services while other learners enter having completed an apprenticeship in another occupational area
- Work based delivery of knowledge and skills with self-directed learning materials
- Assessor visits based on the same resource as for the apprenticeship with less frequent visits taking longer per visit to complete

Expert Panel

ICS convened an expert panel with representatives from:

- ICS
- Adult Learning Inspectorate
- Awarding body representatives
- A provider nominated by the Association of Learning Providers
- The consultant to the project
Expert Panel Meeting and Advice

The panel met on 2 October 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.

ICS advised that new standards were approved from July 2006. The panel noted that the evidence from provider interviews was based on the current standards and agreed to set out their advice on the requirements of the new standards.

The panel discussed these standards and their impact on delivery models and activity levels and suggested that:

- There are two new knowledge based mandatory units in the NVQ that would require enhanced assessment and that this might lead to additional time and resources allocated to underpinning knowledge development.

- There are a range of optional units in the NVQ and providers would have more scope to develop individual learning plans leading to additional time and resource allocated at entry.

- The new standards have re-positioned the Customer Services framework as a more ‘professional’ pathway and that this would move the focus of on the job activity from assessment to the development of knowledge and skills.

The panel recommended that ICS should review delivery models and activity levels during the summer of 2007 when providers have refined and tested their models of delivery.

The advice from the panel was circulated to panel members after the meeting for their further comment and approval.
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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>14 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>0 hours</td>
<td>Underpinning knowledge and skills through 1:1 time at assessor visits with learner access to self-directed learning materials</td>
</tr>
<tr>
<td>Work based knowledge and skills</td>
<td>3.0 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>2.5 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>1.5 days</td>
<td></td>
</tr>
<tr>
<td>Group based key skills</td>
<td>7.5 hours</td>
<td>The panel suggested that key skills would be delivered through work based visits and attendance at a centre for some workshop activity and key skills tests.</td>
</tr>
<tr>
<td>Work based key skills</td>
<td>1.5 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>1.0 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>7 hours</td>
<td>A day induction programme as part of an effective model of delivery</td>
</tr>
<tr>
<td>Registration Certification</td>
<td>£190</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 with separate staff responsible for entry activities and key skills support. This is significantly less than reported caseloads and was recommended by the expert panel to provide enhanced advice and support on the development of underpinning knowledge and skills for the new standards.
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 A¹
- Assessor employment costs weighted at factor A² based on independent research on salary rates and employment costs
- Registration and Certification costs of £ 190 based on information collected from awarding bodies
- Costs of self-directed learning materials estimated at £ 50 per learner

The model includes a factor for success rates and this is based on the reported 2004/05 success rates of 45% uplifted to a minimum level of 55% 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 around the current funding rates based on increased resources for delivery of the new standards.

The expert panel recommended a review of activity levels in 2007 to review the impact of the new standards.

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>0 hours</td>
<td>Underpinning knowledge and skills through 1:1 time at assessor visits with learner access to self-directed learning materials</td>
</tr>
<tr>
<td>Work based knowledge and skills</td>
<td>4.5 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>4.0 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>2.0 days</td>
<td>The panel suggested that key skills would be delivered through work based visits and attendance at a centre for some workshop activity and key skills tests.</td>
</tr>
<tr>
<td>Group based key skills</td>
<td>7 hours</td>
<td>Deliver as part of the programme of work based by assessors</td>
</tr>
<tr>
<td>Work based key skills</td>
<td>1.5 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>
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**Note:** The allocated time for work based assessor activity is equivalent to a *full-time* assessor caseload of 1:30 with separate staff responsible for entry activities and key skills support. This is significantly less than reported caseloads and was recommended by the expert panel to provide enhanced advice and support on the development of underpinning knowledge and skills for the new standards.
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 A³
- Assessor employment costs weighted at factor A⁴ based on independent research on salary rates and employment costs
- Registration and Certification costs of £215 based on information collected from awarding bodies
- Costs of self-directed learning materials estimated at £50 per learner

The model includes a factor for success rates and this is based on the reported 2004/05 success rates of 32% uplifted to a minimum level of 50% 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 and increased resources in the workplace modelled on case loads of around 1:30. The activity costs are close to the current LSC funding before any assumed employer contribution.

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
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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 ICS 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.

The moderation group took the view that the work based knowledge and skills development time for the advanced level framework was slightly understated and this was increased by 1.0 days leading to reduced assessor caseloads closer to 1:25 to reflect the demands of the new framework.

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 of 1 % to the NVQ2 rate

**Advanced Apprenticeship**

- A reduction of 10.7 % to the NVQ3 rate phased in over 2 years
- This is equivalent to a 9% reduction in the overall framework funding rate consistent with the moderated advice