



# Institute for Apprenticeships & Technical Education

## Consultation on changes to the funding band recommendation process



### Foreword from CEO

Since it was established in April 2017, the Institute for Apprenticeships and Technical Education (“the Institute”) has worked collaboratively with employers to develop, approve and publish quality apprenticeship standards and assessment plans that employers have identified as necessary to address their skills needs.

The Institute also recommends a maximum level of government funding for new apprenticeship standards to the Secretary of State for Education on a standard by standard basis. Recommendations aim to support high quality apprenticeships while representing value for money. I think it is important that apprenticeships in all sectors are funded appropriately, that they offer value for money to the Government and that they can be accessed by as many employers as possible.

Recommending funding bands is a key aspect of apprenticeship standard development and one that a variety of stakeholders are keen to understand better. We have already made changes to make it easier to engage with the Institute on funding, but we want to go further and provide the transparency our stakeholders would like to see.

To achieve this, the Institute has undertaken a range of activities. In partnership with the Department for Education, we commissioned independent research agency IFF to undertake a research project into the actual costs of delivering apprenticeship standard training and assessment. At the same time, we have engaged widely with stakeholders to better understand what employers and other parties consider important in an apprenticeship funding model.

We have used this new evidence and insight to design a new proposed model for making funding band recommendations. Once fully developed, this model will provide a process with more consistent, appropriate and transparent recommendations.

Now is the right time to share the model we’ve developed and get your thoughts, to help us make it work for you. There are aspects of the model that still need to be developed to meet the needs of those who rely on it, and we are consulting on options to best meet these needs. This consultation provides a great opportunity to help us determine the future approach to funding. It will be part of a series of further engagement activities over the next few months – all aimed at designing a model which works for you.

I thank you in advance for your input and I am confident that with your help we can develop a new approach to making funding band recommendations which builds on the improvements we’ve made to date to create a new, more transparent, appropriate and consistent model.

## Who is this consultation for?

This consultation is open to all. We are, however, particularly interested in the views of employers, apprenticeship training providers, end point assessment organisations and representative bodies (including sector bodies, professional bodies and trade unions).

### In what capacity are you responding to this consultation?

(Tick as appropriate)

- Trailblazer group*
- Other employer*
- Route panel*
- Apprenticeship training provider (please confirm type: higher education institution, further education college, employer provider, independent training provider)*
- EPAO*
- Representative body*
- Apprentice*
- Other*

# Introduction

## *What is the Apprenticeship Levy?*

In April 2017, the Government introduced the apprenticeship levy to create long term sustainable funding for quality apprenticeships and to give employers more control over the range of apprenticeship opportunities available to their staff.

The levy means there is more money available than ever before for apprenticeship training. It also allows employers to choose which apprenticeships they offer, how many and when. By 2019-20 the funding available for investment in apprenticeships in England will have risen to over £2.5 billion.

Income from the levy is used to fund apprenticeship training for all. The levy is paid by large employers with a pay bill of over £3 million (they pay 0.5% of their total annual pay bill). Smaller employers, those with a total annual pay bill of less than £3million, will have 95% of the cost of their apprenticeship training funded from Government. They pay just 5% of the cost of their apprenticeship training.

## *What is a funding band?*

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. 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 - £27,000 and are set by the Secretary of State for Education. Once the band is set, each employer can negotiate a price for the delivery of the required training below or up to the funding band maximum.

There may be cases where the cost of reaching occupational competence exceeds the band set by the Secretary of State, for example where costs exceed the highest-available funding band, the apprentice cohort or employer 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 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 quality apprenticeships.

**Does this explanation help you understand what a funding band represents?**

Yes/No

**Please specify**

Please refer to the Institute's Glossary of Terms which serves as a useful tool in understanding the terminology used throughout the document, found [here](#).

## What is the Institute's role in the funding process?

Since April 2017, the Institute has been responsible for making funding band recommendations to the Secretary of State for Education for apprenticeship standards.

The Institute's current process for recommending a funding band is set out [here](#). In brief, when an occupational proposal has been agreed with trailblazer groups [1], we provide some contextual information about the funding bands of similar standards to the trailblazer group to help them in developing their standard. When the standard has been agreed, we use a range of data, notably training provider and EPAO quotes, funding bands of similar standards and market costs of training to recommend a funding band. This is then presented to the employer led Route Panels [2] for review and a board sub-committee[3] before ministerial approval.

We are always looking at our processes, listening to feedback and making changes, where it is appropriate to do so. Recent improvements (made in May 2019) include removing the unpopular initial funding band, introducing funding specific intensive workshops early in the standard development process, clarifying the way in which data points are used to make funding decisions and improving input forms to make the required information clearer to trailblazer groups.

These changes have improved the transparency of the existing process. However, we want to go further.

### Which aspects of the existing funding recommendation process would you like to retain in a new approach?

(Tick as appropriate)

- sharing information on funding bands of standards with similar characteristics with trailblazer group*
- providing workshops to trailblazers early in the apprenticeship standard development process, which focus on the process of recommending a funding band*
- using training provider quotes as inputs to the process of recommending a funding band*
- using EPAO quotes as inputs to the process of recommending a funding band*
- using similar standards as inputs to the process of recommending a funding band*
- using market costs as inputs to the process of recommending a funding band*
- using specific funding input from employer-led Route Panels*

Please specify why

## ***Why are we making further changes?***

Some aspects of the current process work well, and we want to preserve these. However, having improved the current process we still haven't reached the level of transparency we're aiming for. We want to replace the current system which uses a complex interaction of data points with a simpler, clearer model, which uses an independent evidence base. We also anticipate that using independent evidence in making funding recommendations will support greater value for money.

In changing the model, we want to retain the flexibility to recognise that all apprenticeships are different, but to achieve more consistent outcomes, drawing on the best available evidence. We want to have a process in place which:

- Is simpler and more transparent in process and outcomes;
- 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 and enabling more employers to access funding.

## ***How have we improved the evidence base?***

In November 2018, we commissioned research agency IFF to conduct research ("The Cost Research") into the actual costs of delivering apprenticeship standard training and assessment. This research, '*Cost of delivering apprenticeship standards*', was completed late in 2019 and a report on its findings is published alongside this consultation. We have used a range of findings in designing our proposed approach and full details are set out in the section '**The proposed approach**'.

## ***This consultation***

In developing a new approach, we have engaged with a range of stakeholders including employers, providers, EPAOs, representative bodies and government to understand the challenges and implications of different approaches. This has helped us to develop and narrow down options.

We are now at the right stage of development to hold this public consultation. The consultation sets out a proposed core model for allocating funding bands and seeks views on how we should refine it before rolling it out. We set out two different options for refining the model with an assessment of pros and cons on in the section '**Options for addressing variation in cost**'. We'd like your views on both options and more widely on how we could make the model work for you.

## ***Timetable and next steps***

- **Consultation launch**  
24 February 2020
- **Consultation closes**  
6 April 2020 12:00pm
- **Pilot launch**  
April/May 2020
- **Response to consultation and pilot**  
Summer 2020

The consultation will close on 6 April at 12pm. While it is live, we are organising a series of events across the country to support you in responding to this consultation. Once the consultation closes, we will use the feedback to finalise a version of the model to pilot. This will be set out in a published response to the consultation.

We will then pilot the model to ensure it works well in practice for stakeholders and delivers on all our objectives. We will keep consultation respondents informed about our plans for piloting.

We cannot do this without input from trailblazer groups. We will be selecting standards for pilot. However, if you also wish to be involved in the piloting, please register your interest at the end of this consultation. At the close of the pilot we will publish a final response setting out the new model and go live timetables.

## Testing the model

To understand the impact of our proposed model, we have tested the variants set out in this consultation on live apprenticeship standards.

Although we have tested on live apprenticeship standards, **we do not intend to immediately replace all existing funding bands with new bands generated using the new model.** Instead, when standards come up for review or revision, the new funding model will be used to generate a new funding band. Over time, this means that all standards will have funding bands generated through this new model. [4]

Details of the testing undertaken to date and the emerging findings are set out in the general [impact assessment](#), which accompanies this consultation.

### Footnotes pages 1-8

*[1] These are employers in the same sector, who group together to develop new apprenticeship standards. They also have a role in the subsequent revisions of apprenticeship standards, when the Institute checks if those standards are still required and fit-for-purpose.*

*[2] A Route Panel comprises of experts in their industry, characterised by their outstanding occupational knowledge, exceptional experience and critical grasp of the future skills needs of their sectors. They currently meet every six weeks to consider submissions from trailblazer groups and T-Level Panels.*

*[3] The Approval and Funding Committee has delegated authority from the Institute's Board to oversee the approvals process. Their purpose is to make final decisions on the approval of apprenticeships proposals, standards and assessment plans, and to make final decisions on behalf of the Institute on funding band recommendations, which will be put to DfE.*

*[4] A variant of this process will be used for revising the funding bands of existing standards, which will be based on the same model but makes use of delivery information in place of estimates where available.*



# The proposed approach

## *Summary of new approach*

A funding band covers only the eligible costs of delivering apprenticeships set out in the ESFA funding rules [1]. The Cost Research, supported by stakeholder engagement, found that eligible costs of apprenticeship training and assessment could be divided into 5 categories [2]:

1. Teaching
2. Consumables
3. Formative Assessment
4. End Point Assessment (EPA)
5. Administration (and eligible overheads)

Our proposed approach is to set a value for each of these five categories, using the methods set out below. The maximum funding band is the sum of the five values.

This categorising of costs is only for the purposes of **generating an appropriate maximum funding band**. As part of this approach, the Institute will not ringfence these five values. Once a funding band is set, that funding can be spent (on eligible costs) however an employer or provider thinks is most appropriate.

We will share the majority of the values with trailblazer groups early in the standard development process, to improve the capacity to plan ahead with better information about the likely funding available to them.

## *The categories – in more detail*

### ***Teaching***

The Cost Research, supported by stakeholder engagement, found that teaching typically has the largest value of the 5 categories [3], in terms of the delivery costs for apprenticeship standards. This category covers all eligible costs associated with all off-the-job training of the apprentice.

### ***Consumables***

Consumables are materials and software licences used by apprentices. The precise definition is set out in the ESFA's Apprenticeship Funding Rules and Guidance 2019/20 [4]. Key things to note are that consumables do not include the cost or depreciation of capital equipment but do include all items consumed during the life of the apprenticeship (e.g. bricks).

The Cost Research found that consumables were a small proportion of the overall cost. However, in some cases the costs can be very high. We are therefore defining this as a separate category to ensure we can take account of the significant variation.

**Formative Assessment**

In this consultation, formative assessment refers to the assessment activities which are essential to indicate the learner’s readiness to pass through the gateway for EPA, where the activities are eligible for funding [5] and are not conducted as part of EPA. It includes activities such as practice/’mock’ EPAs, progress reviews or the assessment of classwork assignments during the learning process.

**For the purposes of this consultation, we have used the term ‘formative assessment’ as outlined above. Do you think this is an appropriate term to capture these costs?**

Yes/No

**Please specify why and feel free to suggest an alternative term.**

**Administration**

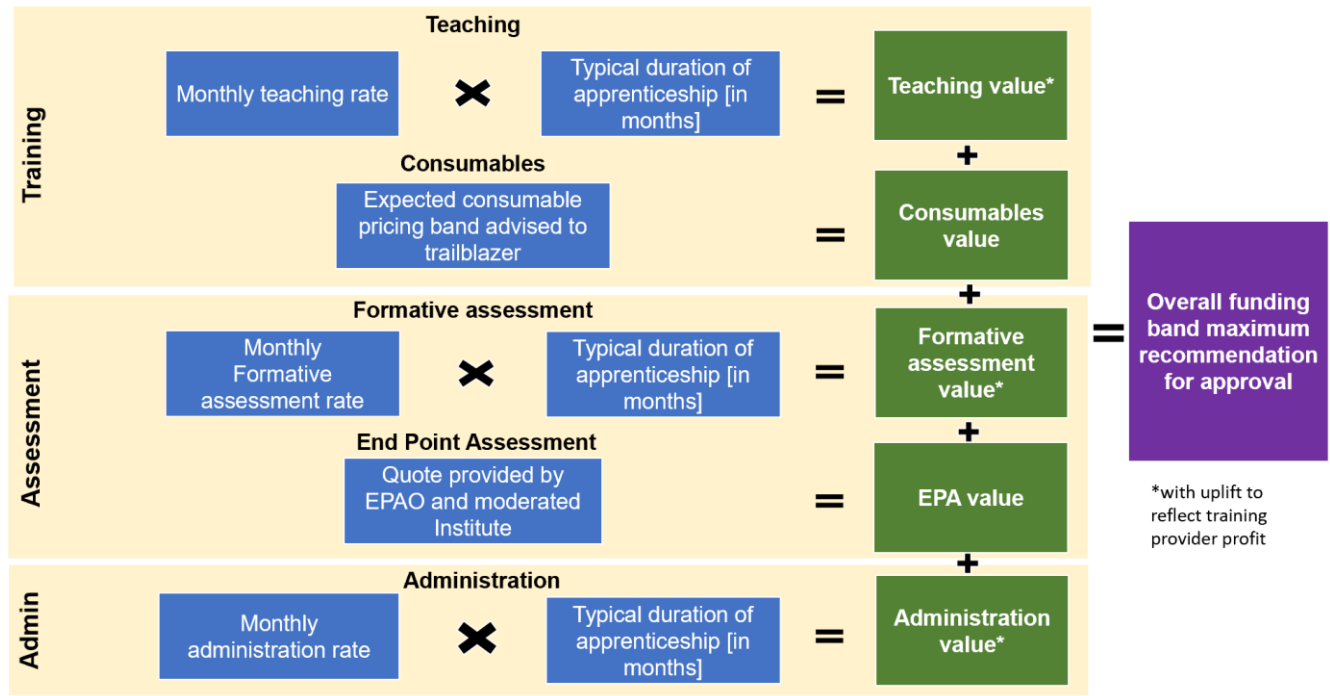
The administration value includes the cost of eligible overheads [6]. These eligible overheads include building rent and room hire that could be wholly attributed to the delivery of the apprenticeship standard in question.

**End point assessment**

The cost of delivering an EPA, including both the delivery of the assessment and the assessor costs.

## Core model

Drawing on the Cost Research, we have developed a core model to generate a value for each of the five categories, as set out below:



Typical duration is published on the Institute's website for each standard. This is the typical duration from start to gateway.

## Explanation of model

### Teaching, Formative assessment and Administration values

The Cost Research suggests that costs tend to increase as duration increases and the duration of an apprenticeship is the biggest driver of costs [7]. The values for these three categories will be generated by multiplying a monthly rate by the planned duration (in months) of the apprenticeship. The Institute has used the Cost Research to develop a set of rates as a key input into the model. This aspect of the model does not form part of the consultation.

The rates used for these three categories are derived from the median costs in the Cost Research (rounded to nearest £10) [8]:

- Teaching - £130 per calendar month
- Formative assessment - £30 per calendar month

- Administration - £30 per calendar month

Please note, we expect that, over time, these rates will be revised as we update our data. Any changes to the rates would be published with an appropriate notice period provided for any subsequent changes taking effect.

## **Profit**

Once the values for these three categories have been generated, we will apply an uplift to allow for profit.

For the purposes of impact analysis and worked examples within this document, we have applied a modelling rate of 9% [9] for a profit uplift. However, it should be noted that this is not a proposed profit margin, and the actual level of profit included in the new model will be confirmed following piloting.

## **Mandatory Qualifications**

Where an apprenticeship requires the achievement of one or more mandatory qualifications, then a value of £300 can be added (only once per apprenticeship) to the formative assessment value. This is based on what the Cost Research found to be the median cost per apprentice for the awarding organisation fees associated with a mandatory qualification.

## **Consumables value**

To allow for the average cost of consumables, we will set a rate for each occupational route [10]. The rates will be £100, £200, £300 or £400. These four rates are the median cost of consumables for each route in the Cost Research [11], rounded to the nearest £100.

## **Route - Rate**

- Agriculture environmental and animal care -£200
- Business and administration - £100
- Care services - £200
- Catering and hospitality - £200
- Construction - £400
- Creative and design - £200
- Digital - £400
- Education and Childcare - £200
- Engineering and manufacturing - £300
- Hair and beauty - £200
- Health and science - 200
- Legal finance and accounting - £200
- Protective services - £200
- Sales marketing and procurement - £100

- Transport and logistics - £200

### End Point Assessment value

However, we are working with EPAOs to develop an evidence base which in the longer term could be used to develop rates for different assessment methods. In time we will replace quotes with a rate-based system in line with the rest of the model. Before introducing a rate-based system for EPAs we will engage with relevant stakeholders and ensure plans for implementation are communicated widely.

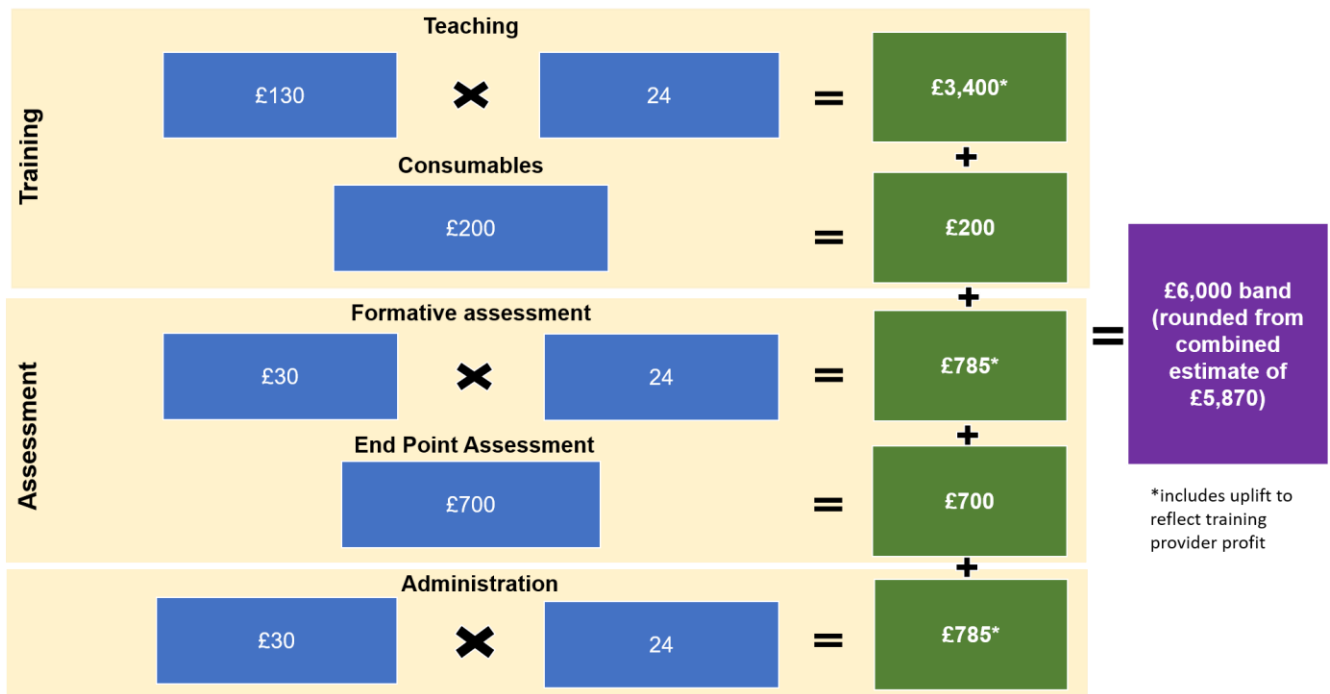
In the meantime, we will request from at least one EPAO:

- the overall price of the EPA,
- the cost of running each assessment instrument (per apprentice); and
- the anticipated costs of quality assurance.

We will moderate this information, generate a value and share it with the trailblazer group.

### Worked example:

The diagram below sets out a worked example of the proposed core model.



## Options for addressing variation in cost

The predictable and simple core model proposed above would enable the Institute to make transparent recommendations in a consistent way and achieve greater value for money.

However, we appreciate that the actual cost of delivering different apprenticeship standards is driven by more than just duration. In some cases, there may be other factors which lead to differences in costs and the core model might not be able to capture those differences.

To address this, we have set out two options for capturing differences in delivery costs for different types of apprenticeship. We welcome your views on these options.

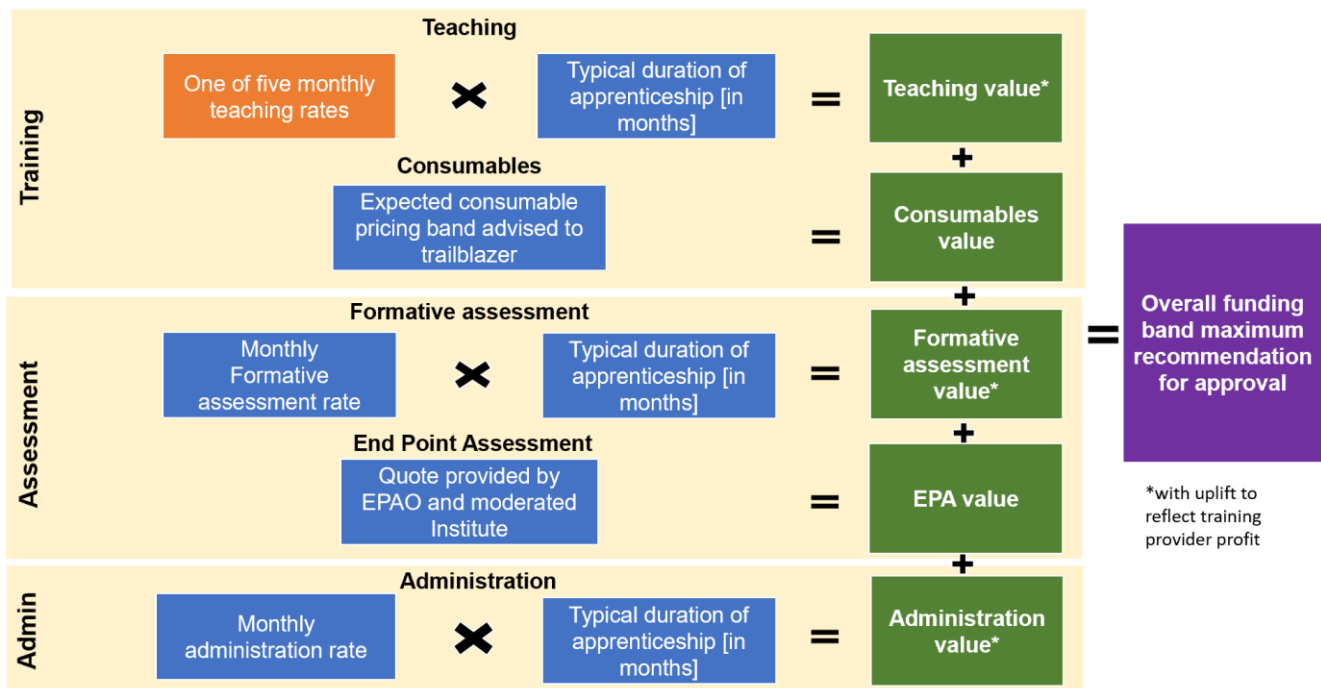
### Option 1 - applying weighting

The first option is to apply a set of weighting factors to the proposed core model, to better reflect the variation in costs between different sectors. This weighting would be applied to teaching costs. The Cost Research found that, in absolute terms, teaching costs had the greatest variation between standards. As such, using a single monthly rate for teaching, may not appropriately address the differences between sectors.

A weighting factor would need to meet the following criteria:

- be applied when setting bands for all standards.
- be clear and simple – not detracting from the transparency of the core model.
- provide greater differentiation between funding bands of standards.
- be based on evidence and/or established practice.
- reflects differences in actual costs, rather than favouring one sector over another.
- support the Institute’s aim to strengthen value for money through the funding recommendation process.

This option is shown in the diagram below and demonstrates that the calculation for the other four cost categories would remain unchanged from the core model.



We explored using the Cost Research to develop weighting factors. While there is sufficient data to set rates at an apprenticeship programme level, there are not enough data points to develop weighting factors for specific routes or sectors.

Instead, we propose using the Sector Subject Area (SSA) in 'programme cost weightings' (PCW), which are already used for publicly funded adult education [12]. PCW factors are already established and used for public funding across the adult education and skills sector. They also provide uplifts for subjects identified by the Office for Students as 'high cost' teaching subject areas in Higher Education [13].

These PCW factors (which range from 1.0 to 1.72) could be used to generate the following five rates [14]:

- £130 per calendar month.
- £140 per calendar month.
- £170 per calendar month.
- £200 per calendar month.
- £220 per calendar month.

The benefits of this option are a completely automated and transparent process which better reflects the variation between costs than the core model. Trailblazer groups could see their full training allocation at a very early stage of standard development and use this to inform training plans and market development. The option would also significantly decrease the burden on trailblazer groups providing indicative training cost data. However, this weighting wouldn't be sufficiently flexible to respond to costs which are unusual for a sector, so some funding bands could still come out higher or lower than the current band.

As Sector Subject Area classifications are at a more granular level than apprenticeship routes, it is possible for different standards in the same route to have different teaching rates. The range of monthly teaching rates (of the five rates shown above) for each route is as follows:

#### **Route - Range of pcm teaching rates**

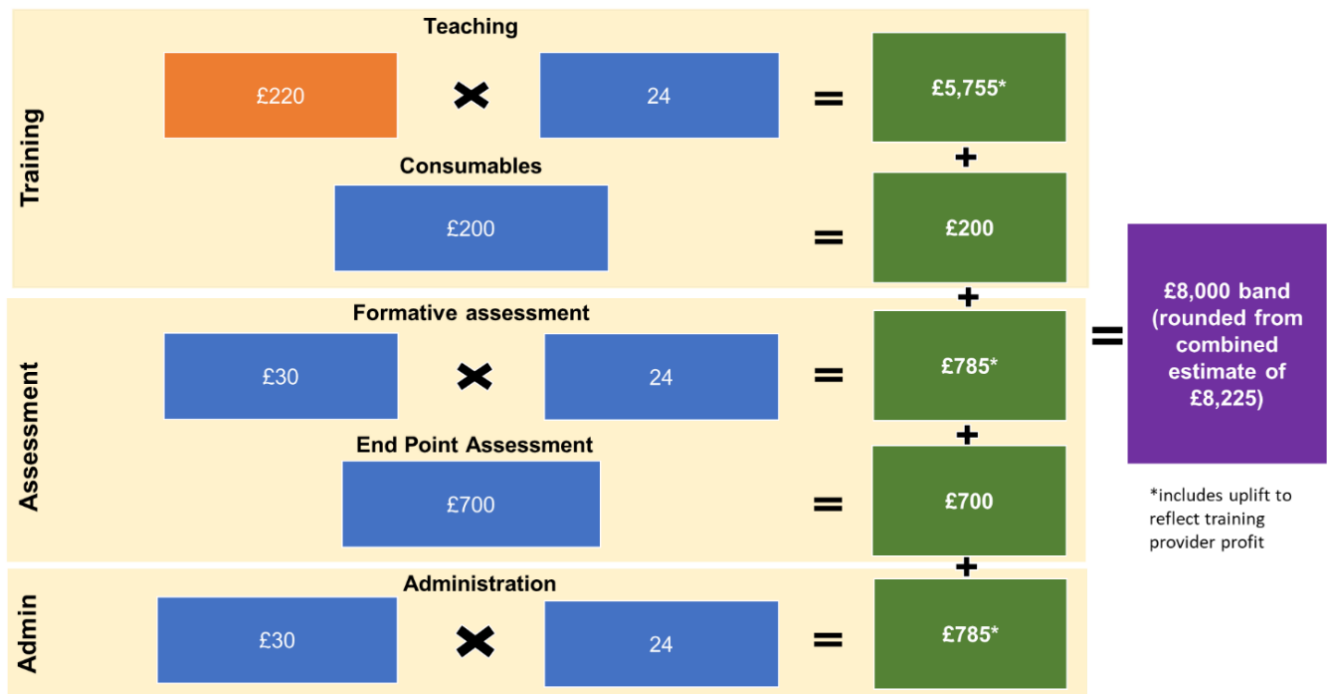
- Agriculture, environmental and animal care - £140 - £220
- Business and administration - £130 - £140
- Care services - £130 - £140
- Catering and hospitality - £170
- Construction - £130 - £170
- Creative and design - £130 - £200
- Digital - £140 - £170
- Education and childcare - £140
- Engineering and manufacturing - £130 - £170
- Hair and beauty - £170
- Health and science - £130 - £220
- Legal, finance and accounting - £130 - £170



- Protective services - £130
- Sales, marketing and procurement - £130 - £170
- Transport and logistics - £130 - £170

**Worked example:**

In the worked example below, the standard is in the Agriculture, Environmental and Animal Care Route. It has a 24-month duration, and there are no mandatory qualifications. The standard is in the Animal Care and Veterinary Science sector subject area, and so is allocated a teaching rate of £220.



**Do you support using a weighted rate to help reflect circumstances that drive higher costs?**

Yes/No

**Please comment:**

**If a weighted rate is used in the new model, would you support using the PCW for the weighting factor, as outlined above?**

Yes/No

**Please comment:**

**Are there any other weighting options which the Institute should explore?**

Yes/No

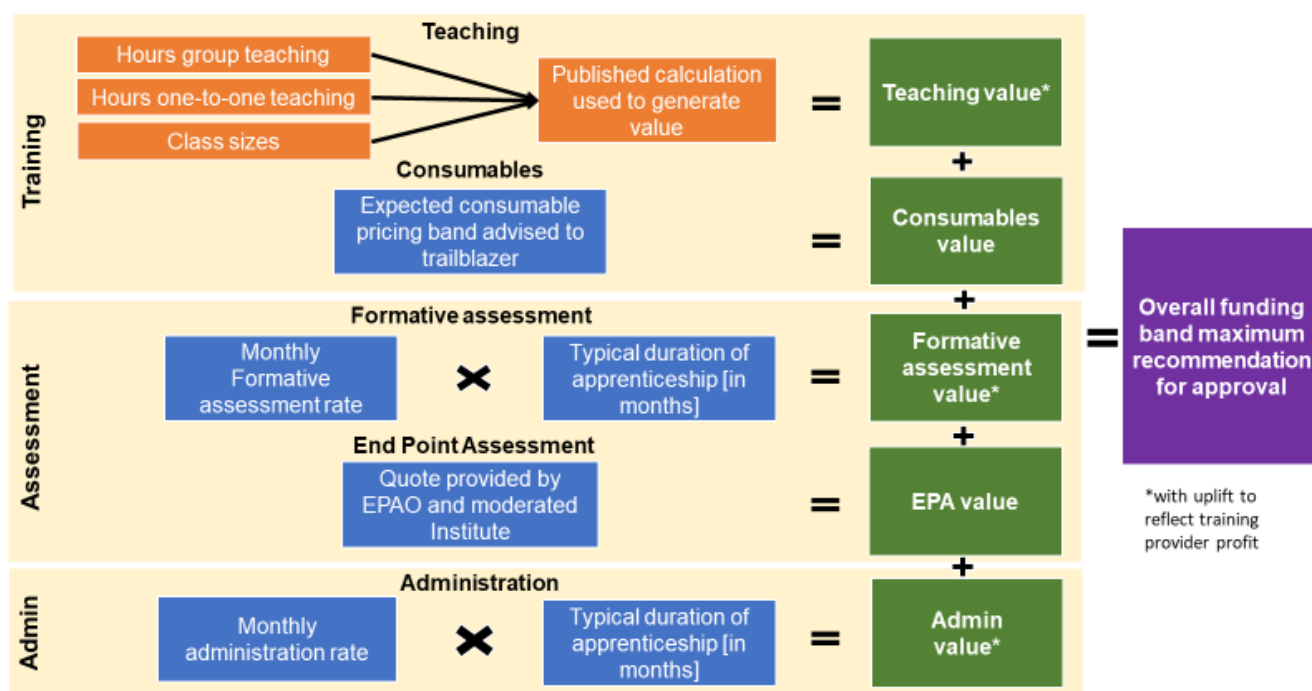
**Please specify:**

## Option 2 - Trailblazer input

An alternative way we could build on the proposed core model would be to allow trailblazer groups to submit a controlled number of defined inputs to change the teaching values for their standard.

If a trailblazer group can provide evidence that the teaching value assigned to their standard through the core model is insufficient to allow the standard to be delivered in the market because costs are higher than is typical for the sector, the value could be replaced with a value generated using information supplied by the trailblazer group.

The following diagram shows how this could work alongside the rest of the model:



## Teaching costs

The Cost Research found that, on average, contact time with apprentices was split approximately 90% in group teaching and 10% in one-to-one settings. It also found that when apprentices were taught in groups, the average class size was 12. The £130 per calendar month rate, in the core model, is based on these averages.

If a trailblazer group considers that, for their apprenticeship standard, teaching would need to be delivered differently as a typical feature (either with groups of fewer than 12 learners, and/or with more than 10% of contact time in a one-to-one setting) they could provide information to support this.

In terms of the evidence requirement, our current assumption is that trailblazer groups would need to identify any aspects of the occupational standard that could not be taught using the typical ratios set out

above (that is, a 9:1 ratio of group to one-to-one delivery, and group sizes of 12); and for each such element the trailblazer would provide the hours of group teaching, the group size, and the hours of one-to-one delivery. The reason for limiting the inputs is to ensure we retain sufficient consistency and transparency in the model and reduce the burden on trailblazers.

Once agreed, the information on typical class size, one-to-one teaching and teaching hours would be used to establish a teaching value, using average cost data from the Cost Research. Please note, this estimate will be the overall 'teaching value' [15].

### Worked example:

In this example, the standard is in the Agriculture, Environmental and Animal Care Route. It has a 24-month duration, and there are no mandatory qualifications. The standard is in the Animal Care and Veterinary Science sector subject area. Although around half of the teaching time can be delivered in a classroom setting, with no restrictions on class sizes, the remaining content has to be delivered in an even split between groups of 4 and in one-to-one settings – this is due to safety considerations relating to the occupation.

The Teaching Value is calculated as follows:

Total hours = 450

Hours	Class size	Rate	Allocation	Explanatory notes
225	12	£2	£450	225 is half of the teaching hours; class size is assumed to be 12 (typical class size reported in <i>Cost Research</i> ); rate for this set at £2 based on <i>Cost Research</i> .
112.5	4	£5.75	£647	112.5 is half of the remaining teaching hours; class size is agreed at 4. Rate is generated using a formula [16] based on data from <i>Cost Research</i>
112.5	1	£20	£2,250	112.5 is half of the remaining teaching hours; class size is set by TB at 1. Rate is based on average one to one teaching rate as reported in <i>Cost Research</i>
Sub total			£3,347	
Non-contact time uplift (20%)			£669	<i>Cost of research</i> found that approximately 20% of teaching costs related to non-contact time activity (e.g. planning, moderation, quality assurance, room hire)
Total teaching value			£4,016	

**Do you support using trailblazer group input to inform the teaching value by reflecting higher costs?**

Yes/No

**Please specify:**

**Would you be able to provide the information needed for a bespoke teaching calculation?**

Yes/No

**Please specify:**

**What other evidence might be useful for a trailblazer group to provide a bespoke calculation of teaching costs?**

**By exception**

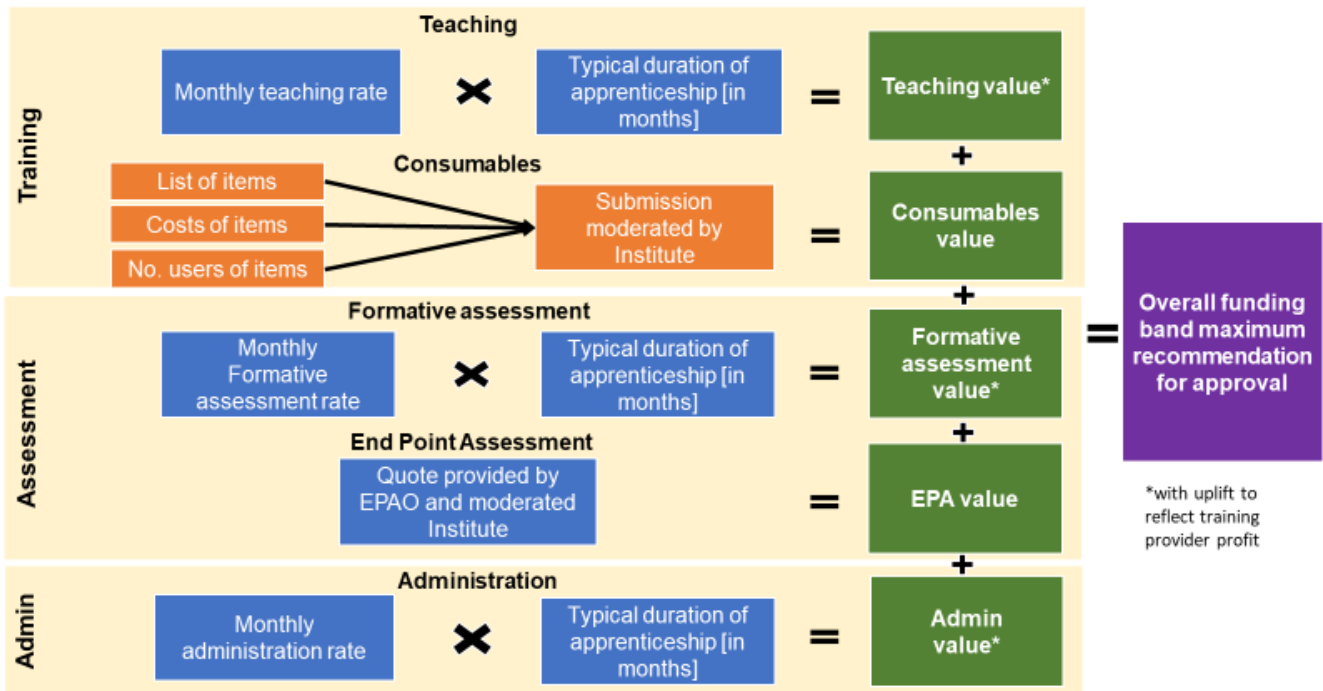
**Consumables cost**

There may be some occasions in which the consumables value also requires trailblazer group input to bring it in line with actual consumable costs for that standard.

*As this approach could include financial information, we expect it will be less transparent than the approach set out in the core model. For this reason, we would expect trailblazer groups to use this as an exception only - where consumables costs are likely to be significantly higher than the Consumables value allocated through the core model.*

If a trailblazer group considers that consumables costs for their apprenticeship standard, are typically unusually high for their route, they could provide an itemised list of consumables required per apprentice and their cost [17]. The information provided would be verified through a moderation process, including considering the items in light of the ESFA funding Rules and Guidance and scrutiny at Route Panel.

Once the information from trailblazer groups has been moderated and confirmed, this would create the overall 'consumables value'.



**Worked example:**

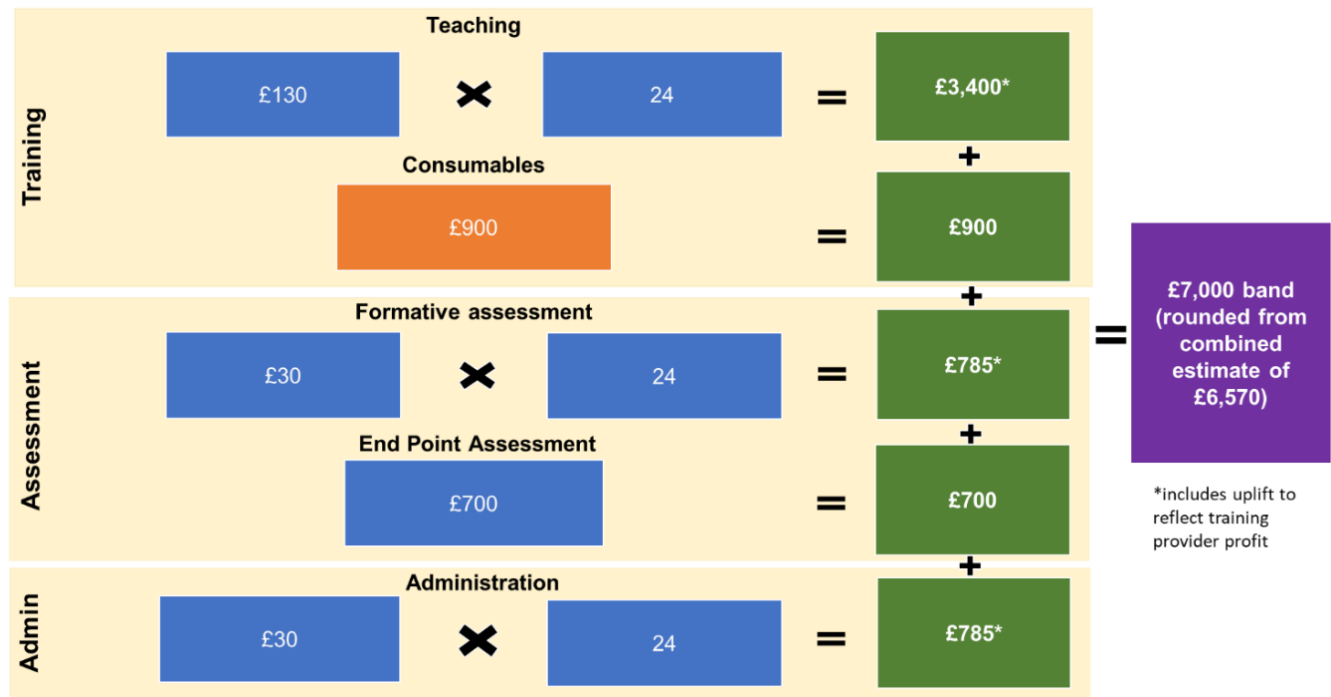
In this example, the standard is in the Agriculture, Environmental and Animal Care Route. It has a 24-month duration, and there are no Mandatory Qualifications. The standard has been allocated a Consumables Band of £200, but the trailblazer group expects that due to the high volume and cost of

materials needed which cannot be re-used by other apprentices, the funding band will need to take account of this.

The trailblazer group submits the following information:

Item	Cost for items	No. apprentices able to use it	Evidence supplied
Raw materials for manufacture	£500	1	Quote from supplier
Foodstuffs	£400	1	Price list

The Institute reviews the information and evidence submitted, including scrutiny by Route Panel. In this example, the cost of £900 is approved, and this replaces the Consumables Band as follows:



The benefits of this option are that it also allows for the differences that occur within the same sector, which better reflects the variation between costs than the proposed core model and weighted model. However, using trailblazer group input would mean trailblazer groups have to wait longer to see their full training allocation (so cannot use this information to inform training plans and market development). It would also increase the burden on trailblazer groups providing evidence and decrease the transparency of the process as moderation of the trailblazer group inputs by Institute officials, route panels and the board would continue to be required.

**Do you support using trailblazer group input to inform the consumables value to help reflect the exceptional circumstances where higher costs are necessary?**

Yes/No

**Please specify:**

**Would you be able to provide the information needed for this type of consumables cost calculation?**

Yes/No

**Please specify:**

**What other evidence might be useful for a trailblazer group to provide a bespoke calculation of consumables costs?**



# Conclusion

Thank you for your time in considering and completing this consultation. The Institute is keen to have your views on the options we are considering for this model, as we want it to work for the apprenticeship sector. After we have piloted the proposed model and once it is agreed, the model and associated rates will be published on our website.

We appreciate this is a major change and so we are not planning on making any further significant changes to the funding process in the immediate future, after launch. However, at the Institute we think it is important to continually consider and, where needed, improve processes. We will continue to engage and review evidence in order to ensure the funding recommendation system continues to work for all.

**Do you have any further thoughts on the proposals, including any suggestions for refining?**

**Would you like to be involved further in the Institute's engagement?**

Yes/No

**Would you like to be involved in the Institute's pilot?**

Yes/No

Footnotes pages 9-25

[1] <https://www.gov.uk/guidance/apprenticeship-funding-rules>

[2] Details of the eligible costs covered by these five cost categories are provided in the IFF research

[3] It averages at 46% of eligible training and assessment costs.

[4] "Materials (non-capital items) used in the delivery of the apprenticeship. By materials (non-capital items) we mean the equipment or supplies necessary to enable a particular learning activity to happen. These items would not normally have a lifespan beyond the individual apprenticeship being funded." E84.4, EP94.4 and P101.4.

[5] Under the ESFA's Apprenticeship Funding Rules and Guidance

[6] ESFA Apprenticeship Funding Rules and Guidance 2019/20.

[7] Duration accounted for 15% of the cost impact.

[8] Costs refer to off-the-job, 'on programme' learning and are per apprentice.

[9] We have identified this modelling rate based on [ESFA financial health guidance](#), where for organisations subject to a financial health assessment, a profit margin of 9% or higher is awarded the highest possible score when considering the profitability (sustainability) of the organisation. The financial health assessment looks at overall profitability of an organisation, and only covers a sub-set of providers which hold a contract with the ESFA.

[10] Occupational routes are assigned with reference to the [Occupational Maps](#).

[11] Where the research contractor has data from fewer than 10 data points for that route, the rate will be assigned by using the rounded median cost of consumables across all routes has been used (which is £200).

[12] [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/809266/Funding\\_rates\\_and\\_formula\\_201920\\_v2.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/809266/Funding_rates_and_formula_201920_v2.pdf)

[13] Used when calculating the HE teaching grant (which apprenticeships are eligible for). See pages 10 and 16: [https://www.officeforstudents.org.uk/media/42d81daf-5c1d-49f6-961b-8b4ab1f27edc/ofs2018\\_21.pdf](https://www.officeforstudents.org.uk/media/42d81daf-5c1d-49f6-961b-8b4ab1f27edc/ofs2018_21.pdf).

[14] These rates are calculated by multiplying the median monthly teaching cost reported in the IFF research by the PCW factors, and then rounding to the nearest £10.

[15] Rather than a monthly rate to be multiplied by duration, as in the core model.

[16] The formula is £23/class size. This returns a value of £1.92 for a class of 12, which is close to the comparable rate included in the Cost Research.

[17] With evidence, such as a price list