

Institute for Apprenticeships and Technical Education

Proposed Funding Model Evaluation

Final Impact Assessment

1. Background and context

After listening to feedback, IfATE developed a new funding method for apprenticeship standards. It made things clearer, easier and better for trailblazers.

1. Original Funding Method: Trailblazers (groups of employers creating apprenticeship standards) had to get three price quotes from training providers. This caused problems because many trailblazers found it hard to get these quotes.
2. Transparency Concerns: Trailblazers told IfATE that this funding method was difficult to understand.
3. IFF Research Report: To solve these problems, IfATE asked outside experts to [conduct a comprehensive report on the cost of delivering apprenticeship standards. This report was concluded in February 2020 and contributed to the development of a new funding model.](#)
4. Consultations and External Research: [Two consultations took place](#) as well as further research, along with an interim indicative [impact assessment](#)
5. Design Phase. In 2021, IfATE finished the design phase of the model and carried out work to predict its performance and accuracy.
6. Live-Test Pilot Stage: The Skills Minister gave permission to test the proposed funding model from January 2022. Trailblazers in the middle of creating their apprenticeships could choose which funding model to use.
7. Sole Method: By November 2022, the proposed funding model became the only way for making funding band recommendations. It replaced the original quotes-based model.
8. Funding Model pilot: At the time of writing this Impact Assessment, 20% of total funding band recommendations had been made using the proposed model.
9. Evaluation: A summary evaluation report can be found on IfATE's website. (Link)

2. Scope

The evaluation focussed on the methods and calculations used by IfATE to recommend funding bands. The aim was to assess the effectiveness, fairness and efficiency of the funding allocation process. The evaluation did not cover the following areas:

- IfATEs role in making funding recommendations to the Secretary of State for Education.
- Changes to the level of government funding for apprenticeships. (via the 30-funding band structure).
- The process of giving each apprenticeship a maximum amount of money (funding band). This system is already set up, and trailblazers play a role in providing important information to decide their funding band.
- The way apprenticeship funding is paid. The evaluation does not cover the payment process for apprenticeship funding.
- What costs can be funded using the rules set by ESFA (Education and Skills Funding Agency). These rules decide what costs are eligible for apprenticeship funding.

The evaluation only looks at how funding bands are recommended and not at other IfATE functions.

3. Rationale for change

Trailblazers wanted to understand more about the funding recommendations process. As trailblazers can ask for a funding band review at any time, they wanted it to be made clearer.

IfATE takes several things into account before considering a funding band review. These include new skills, knowledge and behaviours, potential legal or regulatory requirements. There may also have been increases in the costs of materials.

IfATE works with trailblazers to help IfATE consider the funding level for each apprenticeship.

IfATE also asks independent experts their advice, to ensure that funding decisions are fact based. By giving good advice to the Secretary of State, IfATE helps make sure funding for apprenticeships is fair and evidence based.

IfATE does not determine funding bands. This final decision lies with the Secretary of State for Education or a delegated authority. The Secretary of State can agree with IfATEs recommendation or change it. IfATE always makes sure advice given shows value for money. This means IfATE checks and compares costs using evidence.

The new way of funding is designed to be simpler and easier to understand. This also ensures that funding recommendations continue to be high quality.

Key features and benefits of the Proposed Funding Model include:

1. **Transparency:** The new model makes the process of allocating funding bands clearer. Trailblazer groups now understand better how funding band recommendations are made.
2. **Reliance on independent evidence:** The model relies more on facts from experts to help decide funding. IfATE also use research from IFF and data from the Office for National Statistics. This way, IfATE ensures funding recommendations are based on facts and are fair.
3. **Timely Funding Information:** The model gives funding information to Trailblazer groups earlier than before. This helps trailblazers better understand the process. This allows them to plan, ensuring any funding evidence they submit is considered at an early stage.
4. **Flexibility:** The model allows for flexibility in the ways that costings evidence is demonstrated to IfATE. Instead of supplying three training provider quotes, trailblazers can submit just one set of evidence. Tutor salary rates can also be evidenced in different ways, allowing a flexible approach.
5. **Value for Money:** The model helps trailblazers demonstrate training costs and enhances accessibility, strengthening value for money. It allows for efficient funding allocation, maximising the impact of public investment in apprenticeships.

4. Ongoing engagement

Feedback included several positive aspects of the Proposed Funding Model for apprenticeship standards. For example:

1. **Tailored Approach:** The model takes into account that different apprenticeships have unique requirements.
2. **Early Interaction:** Trailblazers talk to us earlier in the process of developing an apprenticeship. This helps IfATE better understand their funding requirements, meaning we can better support them to get it right first time.
3. **Improved Customer Service:** Trailblazers are more satisfied with the service offered by IfATE. which means the funding process is more helpful and responsive.
4. **Understanding Funding Rules:** The new model makes it clearer how funding rules work. This makes it easier for trailblazers going through the process.
5. **Clear Rates:** Trailblazers understand the fixed rates we use, which saves them time.

Whilst feedback is mostly positive, there are also areas that need attention and improvement in the rest of 2023-2024. These issues do not take away from how well the model works and include:

- 6 Detailed Funding Workshops: The workshops about funding, while useful, involve a lot of work for trailblazers. (especially at the start of the pilot, when the funding model was new). This shows that we need to balance giving lots of information and managing the work better. IfATE will start initiatives this year to make funding matters simpler and quicker.
- 7 Transparency and Complex Interactions: IfATE is solving this by having clearer communication and support.
- 8 Timing of Funding Work: To make the funding process smoother, both trailblazers and IfATE will begin funding discussions no later than halfway through the apprenticeship development. New tools for trailblazers will become available to support this.
- 9 Complex and Time-Consuming Submissions: The model has led to more of these. IfATE will work with trailblazers to make the process easier and more user-friendly

5. General Impact Assessment

Since January 2022, IfATE has been using this funding model to recommend apprenticeship programs to the Secretary of State. IfATE gets information from different sources to suggest the right funding level. The main steps are:

1, Gathering Information:

- IfATE collects information about how much tutors usually get paid. This is important for deciding on funding bands.
- Trailblazers give their views and estimates about how much it costs to train apprentices.
- Trailblazers also need to show proof of how much it typically costs to assess the apprenticeship.
- For some things, IfATE uses research from 2019 to decide on fixed rates. Some rates are based on the value of things, while others use percentages.

2. Verification and Moderation

- IfATE looks at the information Trailblazers provide to make sure it is accurate, good quality, and value for money.
- Sometimes, IfATE asks independent experts to give their views on training costs.
- IfATE reviews all information received before recommending a funding band.

6. Interim Impact Assessment and Consultation

A consultation took place before the pilot started in January 2022. As actual testing was not possible at that time, IfATE used modelling to understand what might happen. An interim [impact assessment](#) was also published with key content listed below:

Trailblazer Input: IfATE used information from nine apprenticeships. This was to obtain details such as class sizes, teaching hours, and costs.

IfATE also used rates from research to calculate teaching costs for these programs. IfATE made changes for items such as higher material costs and added funding of £300 for mandatory qualifications. The EPA (End Point Assessment) value was based upon the quote submitted.

Data: Not all information for the new model was available for existing apprenticeships. IfATE made assumptions where this occurred to see how the model would work.

Focus on Specific Programs: The interim impact assessment mostly looked at apprenticeships where apprentices had enrolled from 2018-2019. IfATE could not fully test adding more variation to the funding model due to limited data.

Testing: IfATE tested the basic model and two options for nine apprenticeships where they had enough information. This was to give an idea only on how the model would perform.

Feedback from the consultation had some important points which fed into the funding model.

Rates based model elements: Many people thought trailblazers would use the variable part of the model most of the time. Based on this, IfATE changed the model to make sure actual delivery costs could be used. This was on the understanding costs would need to be verified.

Clear and Transparent: Although some trailblazers had questions around the funding rules and costs, people said that the new model was clearer. IfATE added a diagram to explain how the model works which is now used in all funding workshops with trailblazers.

Changes in Funding: People were concerned that the new model might mean less funding. By testing and having a pilot, IfATE made sure people understood how the model works. The new model gives accurate recommendations to the Secretary of State which could sometimes be more, the same, or less than before.

Input from Training Providers: People thought training providers could help with delivery methods and costs. IfATE agreed and encourages trailblazers and training providers to work together to develop high quality apprenticeships.

Group Sizes: People said some apprenticeships need small groups for quality, while the model used a base assumption of 12 students per group. IfATE changed this to be more flexible, letting trailblazers show different group sizes if they can prove it is needed.

Fixed Rates: Based on feedback, IfATE added fixed rates to the model. Some fixed rates are value based. Some fixed rates are worked out as a portion of the whole. Finally, some are initial rates suggested by IfATE that allows the trailblazer to evidence any difference in cost.

Summative Assessment Costs: Acting on feedback, IfATE introduced a simpler way of looking at assessment costs.

Fluctuation in the market: Reflecting feedback on possible changes to funding rates, IfATE added a stability rule. This means changes in funding cannot go up down by more than two funding bands, except in specific cases. During the pilot, IfATE did not apply the stability rule, showing the model is working well. In short, the pilot of the new funding model and the stability rule has given IfATE assurance that the model is working as intended. IfATE believes this funding model is more transparent, clearer and accurate in making apprenticeship funding band recommendations.

7. Equalities Impact Assessment

Section 149 of the Equality Act 2010 requires the Institute for Apprenticeships and Technical Education (IfATE) to take account of to the public sector equality duty (PSED) when implementing the proposed funding model.

The PSED requires IfATE to consider the following: ·

- Eliminate unlawful discrimination, harassment, victimisation, and other conduct prohibited by the Equality Act.
- Advance equality of opportunity between individuals with protected characteristics and those without.
- Foster good relations between individuals with protected characteristics and those without.

The "protected characteristics" include age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (including ethnicity), religion or belief, sex, and sexual orientation.

To comply with the PSED, IfATE considered the impact of the proposed funding model on both staff and trailblazers. The aim was to ensure the model does not have any adverse effects on individuals with protected characteristics.

[IfATE conducted two consultations](#) to gather opinions from people involved. These continued during the pilot phase.

The way IfATE allocates funding has not changed and remains trailblazer led. IfATE is confident this funding model will not make a difference to those with protected characteristics. The funding model as before relies on their input to estimate the typical costs of apprenticeship training and assessment. IfATE's role is to make sure funding is fair and clear.

Information and decisions related to individual apprentices are made and held by employers. IfATE does not hold information related to apprentices with protected characteristics.

IfATE offers advice on equality and diversity. They want apprenticeships to be equal and fair for everyone. IfATE will keep working with the industry to make sure the model is fair and open to all.

Employers need to follow guidance when they recruit apprentices. Like IfATE, they should treat everyone the same, with or without protected characteristics.

To date, IfATE has not found any negative impacts on individuals with protected characteristics. IfATE is working to make online tools better and offer help in person when needed. IfATE will keep a record to demonstrate the consideration and decision-making processes undertaken in relation to the PSED. These will serve as evidence that IfATE has conscientiously fulfilled its duties to eliminate discrimination, advance equality of opportunity, and foster good relations among individuals with protected characteristics and those without.

8. Conclusion

IfATE looked at a new funding model for apprenticeships, and its impact on different groups of people and found that the model did not change the way funding bands are approved. IfATE also considered those with protected characteristics.

As employers hire apprentices and not IfATE, the funding model will not make a difference. It is employers who hold diversity data, not IfATE.

IfATE will continue to talk to trailblazers whilst being mindful of the PSED. If something new happens that could affect those with protected characteristics, IfATE will review this report.

IfATE will ensure that all apprentices, no matter who they are, can have access to apprenticeship funding.

As the proposed funding model is performing as expected, from now on it will be known as the "funding model".