

## **IfATE Consultation on Changes to the Funding Band Recommendation Process – UVAC Draft Response**

### **Organisation – UVAC, Representative Body**

#### **Q1 – Does this explanation help you understand what a funding band represents?**

Still not clear.

There is still some confusion as to the balance between cost and affordability and between numbers of Apprenticeships Government can afford to fund and their specification and quality. The funding band descriptor muddies the water.

It is unclear what the IfATE is really trying to do through the allocation of a funding band. Are some Apprenticeships to be prioritised inline with public sector service requirements and Industrial Strategy priorities? If 'affordability' is an issue then how does this relate to a funding band? How does the Funding band relate to the IfATE quality strategy or approaches to maximise the impact of Apprenticeship/funding on productivity and social mobility? Funding bands determine specification. A low funding band could result in providers finding it financially unfeasible to deliver an Apprenticeship. Does the IfATE have a view on ensuring Apprenticeships that are fundamental to the delivery of public services e.g. nursing/healthcare, police and social work or key to Industrial Strategy priorities remain available? This consultation suggests it does not.

#### **Q2 - Which aspects of the existing funding recommendation process would you like to retain in a new approach?**

All are appropriate, but need to be used with care. We could raise issues with:

*'Sharing information on funding bands of standards with similar characteristics with trailblazer group'* - issue the IfATE definition of 'similar'.

*'Using similar standards as inputs to the process of recommending a funding band'* – again the issue is the IfATE definition of 'similar'.

IfATE still seems to struggle in differentiating between and understanding FE and HE costings. Apprenticeship was historically an FE programme. Now an increasing proportion of Apprenticeship starts are at HE level. Indeed, in the public sector around a third of starts (and a far higher percentage of Levy spend) are/is on Apprenticeships at level 4 and above. Many Apprenticeships here are of critical importance, police constable or nurse associate/registered nurse; funding bands must accurately reflect HE costs. IfATE's proposals fail to outline how their approach reflects HE costs and how new approaches to recommending funding bands will guarantee such fundamental Apprenticeships remain financially viable to deliver.

**Q3 - 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?**

No

This ignores summative assessment in Degree Apprenticeship – the fastest growing segment of the Apprenticeship market and some of the most important standards needed to deliver high quality public services – police constable, social worker, nursing and applied healthcare roles. As with other aspects of the model proposed - IfATE thinking and its approach is based on FE programmes and costings.

The inclusion of £300 as the additional cost that can be included for mandatory qualification is far too low for Degree Apprenticeship. We doubt IfATE’s analysis has included a review of integrated Degree Apprenticeships. We note that no EPAO for integrated Degree Apprenticeship was interviewed as part of the research programme.

**Q4 – Do you support using a weighted rate to help reflect circumstances that drive higher costs?**

No

Even the highest estimate of the weighted rates outlined for the components of the funding formula are likely to be insufficient to deliver a Degree Apprenticeship. UVAC, through contact with our 93 HEI members, has identified that the fixed and variable costs are not appropriate. The data used by IFF is too heavily biased towards the historic provider base, FE colleges and ITPs and does not sufficiently reflect the new/future provider base for Apprenticeships, in particular the growing role of HEIs. Why were only 12 standards out of 204 surveyed delivered by HEIs? Why were only 4 stage 3 interviews conducted with HEIs? This is entirely insufficient to base any analysis or conclusions on a funding band methodology that will determine funding of Apprenticeships for nursing/allied health and for police constables. The research gives the impression that HEIs simply deliver limited ‘niche’ Apprenticeship provision. Apprenticeships in nursing/allied health and for police constables are not ‘niche’ provision. IFF’s analysis cannot be extrapolated to the whole Apprenticeship market and particularly Degree Apprenticeship. Additional robust research is essential and more analysis is needed before any decisions are made.

**Q5 – If a weighted rate is used in the new model, would you support using the PCW (per calendar month) for the weighted factor as outlined above?**

No

The methodology proposed and weighted rates for the various elements of the funding formula are insufficient to deliver Degree Apprenticeships. The model requires that fixed and variable costs have been appropriately input into IFF research to generate a correct monthly cost. Our work with our members strongly indicated that this is not the case, or at least the sample upon which the IFF research is based is not rigorous or extensive enough to extrapolate analysis and proposals to Degree Apprenticeship. Several UVAC members have modelled the impact of the weighted model on key Apprenticeships in both the public and private sector. This analysis shows that it is highly likely that many of these Apprenticeships will become unviable to deliver or at best see a mass exodus of providers from the market.

**Q6 – Are there any other weighting options, which the Institute should explore?**

We fear outlier costs have been reflected in average costs. More work on the rationale for outlier costs is needed. In the current model outlier costs appear to be subsumed into average costs. Costs from an HEI that reflect the costs of providing a Degree Apprenticeship are replaced by the average of lower costs from non-degree Apprenticeships. As noted earlier there appears to be insufficient representation of HEIs and Degree Apprenticeship in the IFF study to draw conclusions for such providers/provision. At best the results of the study are statistically questionable when extrapolated to Degree Apprenticeship and key areas of Degree Apprenticeship provision e.g. nursing/healthcare and police constables. To develop methodologies on this basis is entirely inappropriate.

UVAC would welcome the opportunity to work with IfATE our members and employers to undertake a proper, robust and statistically sound study of the actual cost of delivering Degree Apprenticeship. Thereafter we would welcome the opportunity to work with the IfATE and others to pilot approaches to ensuring Funding Bands are recommended for Degree Apprenticeship that ensure they remain viable to deliver.

**Q7 – Do you support using trailblazer group input to inform the teaching value by reflecting higher costs?**

Yes

The core model proposed uses a teaching rate band of £130 and assumes a salary of £20 - £24 per hour. This does not fit with university pay rates. A university lecturer on the lowest possible spine point (33) has a salary of £30 per hour. The range of pcm teaching rates does not reflect the costs of higher education teaching. Teaching costs will be very heavily determined by level. IfATE's model does not sufficiently reflect level. Furthermore it places too much emphasis on sector subject area – costs within a sector subject area will vary substantially by level.

Having a greater input from the Trailblazer and PSRBs with whom they will work (and where appropriate key Government departments e.g. the Home Office for Police Constables, Department of Health and Social Care for nursing etc), particularly at higher levels, is essential.

**Q8 - Would you be able to provide the information needed for a bespoke teaching calculation?**

Yes

UVAC could do this working with our 93 HEI members.

For Degree Apprenticeship UVAC would propose a Trailblazer worked with HEIs to produce evidence needed for a bespoke teaching calculation.

**Q9 - What other evidence might be useful for a trailblazer group to provide for a bespoke calculation of teaching costs?**

The Trailblazer should be able in many circumstances to provide evidence of the cost of similar programmes that lead to, or lead some way to occupational competence. We are surprised IfATE has not done more work at higher levels to relate its proposals to other work conducted on the cost of higher education programmes.

We are surprised that costing focuses on just off the job training and has little focus on provider costs associated with on-the-job training. International best practice in the delivery of competence base programmes (such as Apprenticeship) focuses on the development of blended approaches where the combination of on and off the job learning delivers the best outputs. Supporting such an approach is not reflected in the costing model.

**Q10 – Do you support using trailblazer group input to inform the consumables value to help reflect the exceptional circumstances where higher costs are necessary?**

Yes.

This is fundamental. The consumable rates seem to have little relation to reality for the delivery of typical higher-level programmes. For example, a consumable value of £200 for health and science seems impossibly low for a 3 or 4 year programme. We would ask that the IfATE outlined how this rate is appropriate to key higher level programmes in this area.

**Q11 – Would you be able to provide the information needed for this type of consumables cost calculation?**

Yes.

HEIs working with the Trailblazer and PSRBs as appropriate would be able to advise.

**Q12 – What other evidence might be useful for a trailblazer group to provide for a bespoke calculation of consumables costs?**

HEIs working with the Trailblazer and PSRBs as appropriate would be able to advise. This should be part of the methodology to recommend an appropriate funding band.

**Q13 – Do you have any further thoughts on the proposals, including any suggestions for refining?**

To conduct a consultation of such a fundamental nature and with such far-reaching implementations at the time of a national epidemic is entirely inappropriate. UVAC members work extensively with the NHS to deliver nursing/allied healthcare and management apprenticeships. The NHS is the largest levy payer by far, is and will (subject to proper funding bands) make an increasing use Degree Apprenticeship to delivery high quality public services. Now is not the time for such a consultation. The consultation is also taking place in advance of the Treasury's review of the Apprenticeship levy and consideration of a post Covid 19 Apprenticeship recovery plan. The IfATE needs to place any change on hold. The IfATE's approach to funding bands needs to be reviewed in the context of joined-up policy with the Treasury's review of the Apprenticeship levy and in a review of now Apprenticeship should support post Covid 19 economic recovery and the delivery of public sector services.

The methodologies proposed are disproportionately based on research with FECs and ITPs and their cost base and cannot be extrapolated to the entire Apprenticeships market. This is both surprising and disappointing given Degree Apprenticeships are the fastest growing part of the Apprenticeship market. Apprenticeship starts at level 4 and above now account for 30% of all public sector starts and a far higher proportion of public sector levy spend.

HEI costs are very different. HEIs have additional quality, regulation and awarding processes that, unlike FE, are the responsibility of the institution as HEIs design, accredit and award our own qualifications, higher costs of delivery staff and substantially longer programmes to support and deliver. We are accordingly concerned that Degree Apprenticeships in some critical areas, nursing/healthcare, for police constables, social worker, in STEM and construction would become unfeasible to deliver for the funding band determined through the methodologies proposed.

UVAC work with our members suggests the methodologies proposed would lead to a typical reduction of between 56% and 69% in the funding bands for key higher and Degree Apprenticeships. Such reductions would make the vast majority of Higher and Degree Apprenticeships unviable to deliver. This must not happen.

For any methodology, we would like to request an IfATE 'guarantee' is given as to the viability of delivery at a recommended funding band. The Treasury could determine a list of 'priority' or 'protected' Apprenticeships for key public sector occupations e.g. police constable, nurse, allied healthcare roles, social worker and in the private sector, digital, engineering, construction roles. For such Apprenticeships prior to being able to make a recommendation on a Funding Band the IfATE would need sign off from the relevant regulator and or professional body/Government Department that the funding band allowed for feasible delivery. For the Police Constable Degree Apprenticeship this would, for example, mean agreement from the College of Policing and Home Office was required.

**If the IfATE pushes forward its proposed changes to determining funding bands then most Degree Apprenticeships will become financially unviable to deliver. This is very likely to mean that, for example, key public sector apprenticeships such as Nursing Associate/Registered Nurse and the Police Constable Degree Apprenticeship will cease to be delivered. It is therefore essential that IfATE withdraws its current proposals.** Thereafter UVAC would welcome the opportunity to work with the IfATE to undertake a statistically robust research exercise on the actual costs of Degree Apprenticeship and to support the IfATE to test and conduct pilot studies involving robust, credible and appropriate new proposals.

**Q14 – Would you like to be involved further in the Institute's engagement?**

Yes.