

Apprenticeships and technical education – a toolkit for Chief Financial Officers

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**LOCKHART
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About this toolkit

This guide and supporting toolkit have been developed to help Chief Financial Officers (CFOs) and other senior leaders in Higher Education Institutions (HEIs) navigate the financial, operational and compliance aspects of apprenticeships and technical education.

It aims to:

- Improve understanding of funding methodologies, costing approaches, and pricing strategies.
- Reduce common barriers and misconceptions.
- Provide practical tools to manage risks and capitalise on opportunities.
- Support informed decision-making and sustainable, high-quality provision.

The chapters that follow explore the subject in increasing depth, from an overview of apprenticeships and technical education to specific guidance on delivery models, pricing, contracting, and maximising return on investment. Tools and resources are provided throughout to help you apply the principles in your own context.

CHAPTER 1: Introduction to apprenticeships and technical education for financial officers

Purpose and introduction

This chapter introduces the fundamentals of apprenticeships and technical education in England, providing the essential context CFOs in Higher Education Institutions (HEIs) need before considering delivery in detail. It explains what apprenticeships and technical education are, how they are structured and funded, and the benefits and risks of offering them.

The aim is to equip you with a clear understanding of these programmes' purpose, scope, and operational realities, so you can make informed decisions about whether, and how, to integrate them into your institution's portfolio.

This chapter will cover:

- What are apprenticeships and technical education.
- Key benefits.
- Key risks.
- Core considerations to building an effective and sustainable offer.

What are apprenticeships and technical education?

Apprenticeships in England

Apprenticeships are structured programs that combine work with training and study as a tripartite relationship between a training provider, employer and individual apprentice.

They are designed to provide individuals with practical skills and experience in a specific occupation while earning a wage. All programmes have a practical training phase usually followed by an end-point assessment (EPA) phase. Typically, the EPA is carried out by a third party but in some programmes at degree level this can be the training provider. From 2025 some EPA activities may commence during the practical training period.

Funding for apprenticeships in England is from 2025 governed by Skills England, and only providers on the Apprenticeship Provider and Assessment Register are permitted to receive funding.

Key aspects of apprenticeships in England:

1. Levels of apprenticeships

- Intermediate apprenticeships (Level 2): Equivalent to GCSEs.
- Advanced apprenticeships (Level 3): Equivalent to A levels and T Levels
- Higher apprenticeships (Levels 4 and 5): Equivalent to a foundation degree or the first year of an undergraduate degree.
- Degree apprenticeships (Levels 6 and 7): Equivalent to a bachelor's or master's degree. Note: from January 2026, new enrolments on level 7s will be restricted to individuals aged 16-21 or those aged 22 and over with an Education, Health and Care Plan or are a care leaver, or via specific sector initiatives such as in healthcare.

2. Funding

- Each apprenticeship standard is allocated a maximum funding band ranging from £1,500 to £27,000 in government funding. Funding is distributed across programme delivery with 80% on programme and 20% only paid upon sitting the final component of EPA. Receipt of all funding only occurs if individuals sit their full EPA otherwise only partial funding accrues.

3. Eligibility for an apprenticeship

- Must be aged 16 or over.
- Must be lawfully living in England.
- Must have a contract of employment in place for the expected full duration of the programme including EPA activities.

4. Structure

- A minimum duration of at least one year's practical training period or, for enrolments from August 2025, at least eight months.
- Training and assessment within normal working hours that develops occupational competence in the planned standard (for enrolments from 1st January 2026 this will be at least a published minimum volume of hours minus any hours of a programme not needed due to prior learning.). There must be at least a need of a minimum of 187 hours after prior learning has been applied.

5. Benefits

- Apprentices gain practical, on-the-job experience.
- Earn a qualification while working.
- Employers can directly influence programme design and delivery, helping to ensure it aligns with their specific workforce needs.

6. Industries

- Apprenticeships are available in the full range of employment sectors including public service.

Technical education in England

Technical education refers to education and training that equips individuals with the practical skills and knowledge needed for specific occupations. It is often more focused on hands-on learning and practical application than traditional academic education.

Key aspects of technical education in England:

1. Types of technical education

- T Levels: Two-year courses for 16–19-year-olds, designed to provide a mix of classroom learning and on-the-job experience through industry placements. They are equivalent in size to three A levels and focus on vocational skills to help students into skilled employment, higher study or apprenticeships.
- Vocational qualifications: These include BTECs, NVQs, and other qualifications that focus on practical skills and knowledge in specific industries.

2. Eligibility

- Varies depending on the specific course or qualification. Generally, students need to have completed their GCSEs.

3. Structure

- Combines classroom-based learning with practical training.
- Often includes work placements or internships to provide real-world experience.

4. Benefits

- Provides students with the skills and knowledge needed for specific careers.
- Often leads directly to employment or further education in the chosen field.
- Employers help shape qualification design and delivery, so it stays relevant to industry requirements.

5. Industries

- Technical education covers a wide range of sectors, including engineering, healthcare, IT, construction, and more.

Both apprenticeships and technical education play a crucial role in preparing individuals for the workforce by providing them with the skills and experience needed to succeed in their chosen careers.

Key advantages of delivering apprenticeships and other technical education

Industry partnerships

Collaborating with businesses to offer apprenticeships can create or strengthen industry ties, leading to new opportunities for revenue, research, student experiences, employment and progression pathways and enhanced curriculum relevance. Other technical education routes – such as skills bootcamps (short, intensive training courses for adults) and T Level students can also connect with HEIs and support recruitment pipelines. A single employer that has experienced a successful programme is more likely to engage again, and larger employers can offer greater potential for future enrolments.

Revenue generation

Apprenticeships attract funding and other employer contributions, providing a useful revenue stream for any institution.

Meeting market demand

There is a growing demand for apprenticeships at higher levels, vocational training and practical skills and competency in the job market. Offering apprenticeships can help an institution stay competitive and relevant.

Widening participation

An apprentice model is funded by an employer and not the student, allowing individuals to not have to suffer costs that might limit their access to education. This means individuals that would otherwise struggle to enter education at higher levels are able to, supporting a more diverse student body and supporting community growth. In apprenticeships, funding for learning support for individuals with learning difficulties and disabilities is not capped so, if necessary, could be applied to any individual who requires additional or changed resource.

Key risks with delivering apprenticeship and technical education

Quality assurance

Ensuring the quality of both the academic and practical components of apprenticeships can be challenging without appropriate resources applied to effective curriculum design and monitoring of delivery. Provision will fall under the inspection programme of Ofsted or Office for Students and their publicly released inspection reports. Your overall achievement rates per programme are also publicly released and there are minimum levels of performance. Quality issues can therefore result

in reputational damage, so it is essential that your provision is in line with the expectations of quality in apprenticeships and technical education.

Financial viability

Apprenticeship revenue under the government funding model is based on the number of apprentices enrolled and their continued participation, with a significant proportion of funding only released when the apprentice reaches the end of the programme. If an apprentice withdraws before completing their EPA, the provider will only receive a proportion of the total funding for that individual. Funding profiles are explored later in this toolkit.

Providers may choose to apply additional fees to employers (but never to apprentices) outside of the funded amount - for example, to top up the rate received or to offset losses from early withdrawals. However, such top-ups or withdrawal penalties are not applied universally; their use depends on market competition and employer sector appetite.

Initial setup costs for apprenticeship provision, including infrastructure and course design, can be high but offset by ongoing revenue. Under the funding model, there is a risk that expected revenue will not materialise if enrolments are low or if quality of delivery does not meet employer and apprentice expectations. In the short term, viability depends on recruitment volumes; in the longer term, it relies on programme success, measured by apprentices reaching the end of their full programme and generating the final completion payment (which is paid pass or fail if the EPA is sat).

Regulatory compliance

Navigating the regulatory landscape for apprenticeships can be complex requiring awareness of participation and administration of evidence produced by the student including logging delivery hours. There are funding rules that are updated on a regular basis (usually on an annual cycle) affecting new starts in each year and non-compliance can lead to financial penalties from government. These result from an annual programme of compliance monitoring, though compliance findings are rarely released publicly, unlike Ofsted or OfS reports that can be released publicly and can cause damage to an institution's reputation. In integrated degree apprenticeships performance of EPA is monitored by Ofqual or the OfS and can also result in performance and reputational impact.

Mandatory programme content new to the institution

While there is often strong student interest in any level 4 or above programme that enables study with an HEI, apprenticeships require additional content beyond the main subject area to meet qualitative and regulatory compliance requirements. This includes contextualised delivery of certain cross-cutting themes, such as the government's Prevent agenda and safeguarding.

For apprentices aged 16–18 at the start of their programme, functional skills in English and maths must also be delivered if equivalent qualifications at GCSE A*-C or 4-9 are not already held.

Historically, this requirement applied to older apprentices too, but since February 2025 it has only applied to those aged 19 or over if it is mandatory within their sector.

Functional skills delivery must take place during paid working hours and, although funded, can present engagement challenges as it is not the primary motivation for most apprentices joining the programme. Poor engagement with these elements can affect retention and, in turn, overall programme success rates. Several institutions apply entry criteria of the GCSE equivalent to avoid this delivery but can affect enrolment volumes.

Safeguarding and welfare

Ensuring the safety and well-being of apprentices, both on campus and in the workplace, requires robust policies and procedures. The typical learning environment of the institution widens to include the workplace, and depending upon the subjects you are teaching, the risk of liability could also increase.

Social and environmental factors

When employed, apprentices may leave their employer and potentially their programmes without it being the fault of the institution. This affects your revenue for the individual and your publicly viewed achievement rates. This is tolerated by the funding body subject to minimum levels of performance but will link to financial performance and viability. Therefore, there is risk to be understood with the employers you would work with, their working environments and consideration of their staff retention as materially impacts the probability of your revenues.

Key considerations

Strategic alignment

Ensure that the apprenticeship programmes align with the university or institution's strategic goals and mission. This includes considering the long-term benefits and potential challenges.

Resource allocation

Understand the funding model and apply adequate resources to quality, compliance and employer relationship management, including staffing, facilities, and support services including MI systems.

Partnership and relationship management

Building and maintaining strong relationships with industry partners is crucial. This includes clear communication, setting expectations, and regular reviews

Student support

Providing comprehensive support services for apprentices, including academic advising, career counselling, and mental health resources, is essential for their success and consequently their

remaining on programme until completion. Your current policies and procedures may need adaptation to fit a predominantly work based population and those that may not meet conventional entry criteria.

Content transparency

Ensure you are clear on the content and time expectations within the programme so that employers and prospective apprentices are having the right expectations set.

Tools

'Apprenticeship Planning Checklist V1.0' - This checklist supports institutions to assess and manage key risks in apprenticeship delivery, including quality, compliance, and safeguarding. It captures current readiness, planned actions, and responsible officers to ensure a clear, proactive approach.

CHAPTER 2: MISCONCEPTIONS IN APPRENTICESHIPS

Purpose and introduction

This chapter provides Chief Financial Officers (CFOs) in Higher Education Institutions (HEIs) with some answers to common misunderstood principles in apprenticeship programmes.

This chapter will examine:

- Common myths and their impact on institutional buy-in to apprenticeship delivery as a product
- Participation data
- Why should a HEI invest in apprenticeships?

Common apprenticeship myths

Myth	Reality
Apprenticeships are only for trade occupations and low-level provision	<ul style="list-style-type: none">• This is incorrect, but it remains a common misconception that can affect institutional buy-in to delivering apprenticeship programmes.• Apprenticeships range from level 2 to level 7 and cover several hundred job roles.• Any employer can access these programmes through a training provider listed on the apprenticeship provider and assessment register (APAR); you would have to be on this register to deliver.• Apprenticeships have become a primary method of recruitment for many employers due to the Apprenticeship Levy, a government tax on payrolls exceeding £3m per annum which must be used to fund apprenticeship programmes or is otherwise lost. There are plans for the levy to be used for other funded programmes and this will develop from 2025.• The government will pay out more in funding than is paid into the levy by the employer, making apprenticeships an attractive way to upskill their workforce.

	<ul style="list-style-type: none"> • Non-levy paying employers can also access funding for programmes, with additional incentives available for enrolling apprentices aged 16-18 or care leavers under the age of 24.
<p>Apprenticeships do not have the same funding as typical degrees and as such have lower value and are not worthwhile</p>	<ul style="list-style-type: none"> • While funding for apprenticeships is lower than for typical undergraduate programmes, which can contribute to a perception of lower value, this can be offset by the fact that funding is more accessible to employers. • Funding bands are set per standard, with the highest currently at £27,000 - less than undergraduate tuition fees from mainstream routes. However, institutions can charge employers additional fees outside of government funding to cover the difference. • Many apprentices are already in employment and have prior learning at various levels. Subject to the prior learning being validated this can reduce the volume of delivery required, shorten the programme, and lower delivery costs. The funding formula for recognising prior learning is weighted in favour of the provider – funding reductions are applied at only half the percentage of the content removed. For example, removing one year from a three-year programme (a 33% content reduction) would typically only result in a 16.5% reduction in funding. • Apprenticeships differ from conventional undergraduate or postgraduate study in that apprentices work full or part time in a role directly related to their standard. This creates additional opportunities for work-based teaching, with significant practical skills development taking place in the workplace, thereby reducing on-campus delivery costs. They naturally lend themselves to part time delivery models which can further control costs but delivery can be flexible to meet the mutual needs of employer and provider. • The DfE funding methodology presents revenue challenges because funding is linked to participation. A proportion is withheld until the full end of programme. However, if quality is high and employment arrangements are stable, apprenticeships can generate strong revenues. Good employer relationships can also lead to repeat business, lowering future recruitment costs. • Providers can charge more than the maximum funding band if employers are willing to pay. This is more feasible where an institution has a strong reputation or where the employer benefits from lower employee salaries as part of a package that includes a funded qualification. • Funding for reasonable adjustments also supplement programme income for apprentices with learning difficulties or disabilities. This

	<p>is paid separately by government and is uncapped, meaning these learners may generate funding than a typical undergraduate.</p>
<p>Apprenticeships are only for young people</p>	<ul style="list-style-type: none"> • This is also inaccurate. While the minimum age for an apprentice is 16, higher-level standards typically attract older individuals whose age and experiences align with the job roles those standards support. • From January 2026, funding for level 7 apprenticeship enrolments will be restricted to apprentices aged under 22, or those aged 19–24 who hold an Education, Health and Care Plan (EHCP) or specific sectors with discretionary funding schemes.
<p>Apprenticeships lose money</p>	<ul style="list-style-type: none"> • If your quality is low, then you could lose money as funding is linked to the apprentice’s ongoing participation. If they withdraw before reaching the end of programme you will not earn as much as you’d expect in funding. However, if quality is good, the design of the programme fits the employer and apprentice and you understand how you are paid, then it is possible to profit. • For apprentices that do withdraw you can protect yourselves contractually outside of funding with contractual clauses with employers that give you fees outside of funding if apprentices withdraw, however these should be considered based on the employer attitudes in the sectors you operate in. No fees can ever be obtained from apprentices, nor by employers from their apprentices. • It is important to understand the funding model and when you will be paid. Funding is paid monthly in arrears based on individual apprentice activity. 80% of the agreed funded price is split between start dates and the expected end of the practical training period and 20% upon completion (pass or fail) of the final component of the programme’s assessment. Some assessment periods are quite long, so this would delay when you would get the completion payment. Ensuring apprentices are engaged in the assessment period is an important strategy to protect completion payments.
<p>Programmes require new software systems and infrastructure</p>	<ul style="list-style-type: none"> • This is subjective. Some resource will be necessary, but it is proportionate to the potential for profitable funding. • All HEIs submit Individualised Learner Returns for HESA and the same data set, though different codes, are used for apprenticeships so funding can be sourced through any software than can submit an ILR return.

	<ul style="list-style-type: none"> • All HEIs have learning environments that can be configured for apprenticeship delivery in terms of programme content and the evidence needed to fund the programme. • There is a need to capture participation, off-the-job hours and agree a training plan but these are not as challenging if there is robust administration. • Progress reviews are needed in apprenticeships at least four times a year but would involve employers who offer the potential for additional apprentices and future revenue so can be viewed as speculative cost. • Investment in good CPD is necessary. • There are apprenticeship specific MI systems and all have strengths and areas for development however the principles are to have client relationship management, learner management and learning management. Many institutions already have platforms that can be configured to achieve the variances in apprenticeship delivery but additional systems are brought in by many to produce 'off the shelf' results.
<p>Apprenticeships are a way for employers to offer low wages</p>	<ul style="list-style-type: none"> • There is an apprenticeship minimum wage, but it is usually only applied in low level standards. Apprenticeships are about investing in the development of skilled workers who can contribute significantly to the business, and with higher apprenticeships will usually involve stronger salaries. Data suggests apprentices are often more loyal to an employer following the investment in their education. • Good practice involves aligning an understanding of employer needs, salary levels, and the benefits of a funded apprenticeship programme for employees. • Some employers may take a strategic approach to salary structures that can be linked to the partnership with an institution for an apprenticeship programme, with individuals willing to accept lower pay in exchange for a funded qualification. • Whether new roles are created or existing employees with skills gaps that make them eligible for programmes, as long as salaries meet legal requirements, it is ultimately the institution's decision whether to work with that employer.

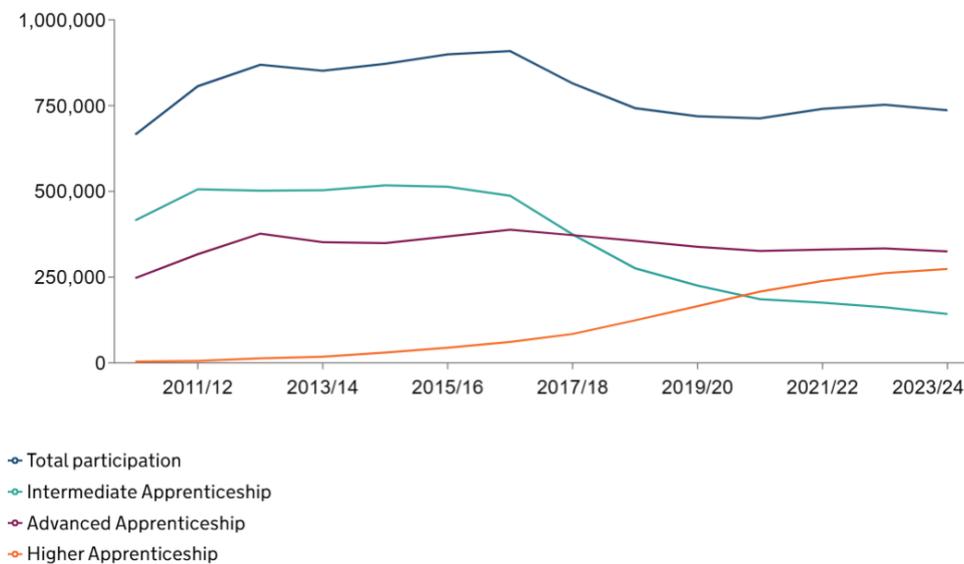
Apprenticeship participation and the case for development

There are many valuable data sources that highlight the growth and opportunities in apprenticeships. UVAC publishes numerous journals and reports showcasing good practice and market demand. UVAC members also have access to the HERA platform, which provides start and population data, demographics, and other insights to help identify and target the most effective areas for development.

The chart below shows the growth of higher apprenticeships across the last 8 years and volume of individuals by age group enrolling onto apprenticeship programmes.

Chart 1 Apprenticeship participation

All age apprenticeship participation by level



Data sources: ILR data from gov.uk

Table 2 Apprenticeship participation by year ([Link](#))

		2019/20	2020/21	2021/22	2022/23	2023/24	
Total	Total	718,950	712,990	740,350	752,150	736,530	
	Intermediate Apprenticeship	225,320	185,420	175,420	161,780	142,650	
	Advanced Apprenticeship	338,680	326,380	330,410	333,390	324,710	
	Higher Apprenticeship	165,510	207,860	238,820	261,310	273,710	
Under 19	Total	135,570	118,590	126,420	131,120	132,630	
	Intermediate Apprenticeship	75,500	61,340	60,530	57,640	55,660	
	Advanced Apprenticeship	58,650	54,500	60,750	66,430	69,450	
	Higher Apprenticeship	5,260	4,870	6,420	8,380	8,890	
19+	Total	583,380	594,400	613,940	621,030	603,900	
	Intermediate Apprenticeship	149,830	124,080	114,890	104,130	86,990	
	Advanced Apprenticeship	280,030	271,880	269,660	266,950	255,260	
	Higher Apprenticeship	160,250	203,000	232,400	252,930	264,820	
	19-24	Total	250,870	248,870	255,260	255,850	248,390
	Intermediate Apprenticeship	71,980	61,370	57,250	53,050	46,300	
	Advanced Apprenticeship	133,230	130,510	131,080	129,830	125,180	
	Higher Apprenticeship	50,480	60,130	69,020	74,970	79,010	
	25+	Total	332,510	345,540	358,680	365,180	355,520
	Intermediate Apprenticeship	77,840	62,710	57,650	51,090	40,700	
	Advanced Apprenticeship	146,800	141,370	138,580	137,120	130,080	
	Higher Apprenticeship	109,770	142,860	163,390	177,960	185,810	

Table 3 Apprenticeship starts by year [\(Link\)](#)

			2019/20	2020/21	2021/22	2022/23	2023/24
Total	Total		322,530	321,440	349,190	337,140	339,580
	Intermediate Apprenticeship		99,220	84,150	91,520	76,280	70,840
	Advanced Apprenticeship		140,840	138,490	151,310	147,930	146,520
	Higher Apprenticeship		82,460	98,810	106,360	112,930	122,230
Under 19	Total	Total	76,270	65,150	77,520	77,720	78,930
		Intermediate Apprenticeship	39,080	31,710	36,030	32,560	32,140
		Advanced Apprenticeship	32,960	29,790	36,490	38,490	39,760
		Higher Apprenticeship	4,230	3,650	5,000	6,670	7,030
19+	Total	Total	246,260	256,300	271,670	259,410	260,650
		Intermediate Apprenticeship	60,140	52,430	55,490	43,720	38,690
		Advanced Apprenticeship	107,890	108,700	114,830	109,440	106,760
		Higher Apprenticeship	78,230	95,170	101,360	106,250	115,200
	19-24	Total	95,290	94,610	106,330	98,800	96,130
		Intermediate Apprenticeship	27,440	24,460	26,150	21,580	19,640
		Advanced Apprenticeship	44,970	45,610	50,320	47,430	45,790
		Higher Apprenticeship	22,880	24,540	29,860	29,790	30,700
	25+	Total	150,960	161,690	165,340	160,620	164,520
		Intermediate Apprenticeship	32,700	27,970	29,330	22,140	19,050
		Advanced Apprenticeship	62,920	63,090	64,510	62,020	60,970
		Higher Apprenticeship	55,350	70,630	71,500	76,460	84,500

Why invest in apprenticeships?

Fundamentally, a well-designed apprenticeship programme that is carefully planned to allow an effective 'work-life-study balance' for an apprentice will result in strong financial performance. Higher level apprenticeships will be attractive to employers and students as a means of workplace and personal development.

'Work-life-study balance' is a useful term in an apprenticeship context. An undergraduate would not typically have a full-time job, but an apprentice likely would (though could be part time). A programme design will want to take into consideration the working role and conditions of the apprentice and that might mean the delivery model reflect this such as being part-time, front loaded, block release or day release. There is significant flexibility to an institution in how they design their programme to fit the employer environment.

Withdrawing apprentices do not earn the same as an apprentice that is retained until the end of programme, so providers need to consider close monitoring of the signs of disengagement to allow appropriate interventions but equally choose the employers they work with wisely. Resources naturally also need to be put in place, but disciplined, scaled, quality delivery can be very effective and profitable.

Providers can offset the reality that some apprentices will withdraw and individually would draw reduced revenues by using more effective delivery strategies such as increasing original cohort size to expect that withdrawals will occur, resourcing delivery accordingly. You can also affect revenues by building contractual clauses with the employers you work with, enforcing where appropriate withdrawals outside of your control.

But what should be understood is that the typical undergraduate is a singular student and in apprenticeships, the employer as a stakeholder offers you the opportunity of **multiple** current and **future** students. If you generate good relationships with employers, it is far simpler to obtain a wider volume of prospective students and this will generate **future** revenues across programmes, particularly if you deliver high quality programmes with a capability for growth.

Inclusive strategy and employer integration – London South Bank University (LSBU)

LSBU's apprenticeship strategy is rooted in its founding mission of providing practical education for underrepresented communities. Over 75% of apprentices are under 25, with high representation from Black and minority ethnic groups.

A blended model is used—mixing dedicated apprenticeship cohorts and mixed groups—alongside careful costing tools built into programme validation. Apprenticeships have helped raise quality across all provision by influencing broader teaching and curriculum design.

Governance is robust: a named Board-level governor leads on apprenticeships, supported by monthly Steering Committees and a single Quality Improvement Plan (QIP) / Self-Assessment Report (SAR) cycle.

Funding dashboards and a 12-month engagement model support retention and employer satisfaction.

Read the full LSBU case study [Appendix II](#)

Tools

'Apprenticeship Planning Checklist V1.0' - This checklist supports institutions to assess and manage key risks in apprenticeship delivery, including quality, compliance, and safeguarding. It captures current readiness, planned actions, and responsible officers to ensure a clear, proactive approach.

CHAPTER 3: MODELS OF APPRENTICESHIP DELIVERY

Purpose and introduction

This chapter provides Chief Financial Officers (CFOs) in Higher Education Institutions (HEIs) with an overview of the different models of apprenticeship delivery and how these may affect operational, financial, and regulatory planning.

Apprenticeship provision in HEIs can be delivered in several ways, depending on the nature of the offer, employer demand, and institutional strategy. Understanding the key delivery models and their implications will support financial planning, risk management, and the development of sustainable programmes.

We describe these as 'infill' or 'cohort' models. In essence, the institution chooses between enrolling individual apprentices into existing non-apprenticeship provision that aligns with part of their programme (infill) or creating a dedicated programme for a group of apprentices (cohort).

An institution may deliver in their own name as a 'main provider' of the apprenticeship, or act as a subcontractor for another main provider but the principle of the type of provision will remain either infill, cohort or a hybrid of the two.

This chapter will examine:

1. Models of delivery - The difference between infill, full apprentice cohort and hybrid models.
2. Subcontracting and franchising models.
3. Working with employers – what model should be used and how would fees work?
4. How do you manage risk?

Models

Infill model

In this model, apprentices are placed into existing courses with other (usually full-time) students to fill in gaps in numbers or increase the general size of population to maximise teaching resources.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Cost-efficient: makes use of existing teaching and curriculum infrastructure. • Can accommodate differing student volumes more flexibly than dedicated cohorts. • Useful for HEI programmes with smaller apprenticeship numbers (E.g. limited demand). 	<ul style="list-style-type: none"> • May require different entry criteria for apprentices, especially regarding functional skills and eligibility rules. • Less likely to support staggered start dates in a HEI context due to the academic calendar. • Curriculum may not be fully tailored to employer needs or integrated with on-the-job training – the programme is going to need additional components on top of the existing course to deliver all parts of the standard or will lead to issues in quality inspection and achievement rates for apprenticeships. • Greater complexity in aligning off-the-job training requirements within standard course delivery • Apprentice study must be in paid time and so a full-time delivery model could cause friction within the student base and in attitude to programme risking disengagement, so part time delivery model may be more appropriate

Financial implications

- Lower upfront cost and easier to implement using existing resources.
- May not be as attractive to employers to finance.
- Monitoring funding eligibility and functional skills delivery adds administrative overhead.

Cohort or 'Group' model

This model involves designing a dedicated apprenticeship cohort that progresses through a tailored curriculum as a group.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Enables a curriculum that fully aligns with apprenticeship standards and employer requirements • Easier to plan and track off-the-job training, assessment points, and pastoral support • Strengthens employer-brand relationships and supports peer learning • Start dates can be staggered and promote in year recruitment (and funding) 	<ul style="list-style-type: none"> • Requires a minimum number of apprentices to be viable • Higher setup costs and planning demand • Under-recruitment risks inefficient resource use

Financial implications

- Potential for higher revenue if employer engagement is strong and cohorts are full.
- More predictable income and cost planning compared to ad hoc infill.
- Requires investment in bespoke delivery and dedicated staffing, which may not scale down easily.
- Prospect of future business with the employer with minimal additional implementation costs.

Hybrid model

It is possible to use a hybrid model, blending features of both cohort and infill delivery to increase flexibility and efficiency. Apprentices may join shared modules with full-time students (as in the infill model) but also benefit from some dedicated cohort-based teaching, assessment points, or pastoral support. This allows HEIs to optimise existing resources while still meeting key apprenticeship requirements.

Advantages	Disadvantages
<ul style="list-style-type: none">• Balances efficiency of infill with some of the structured support of cohort delivery.• Enables smaller groups of apprentices to benefit from bespoke sessions (e.g. functional skills, off-the-job activity) .• Can support variable employer demands without needing large apprentice-only groups.	<ul style="list-style-type: none">• Requires careful curriculum design and scheduling to avoid conflict between groups.• Risk of inconsistent experience for apprentices if the blend is not well planned.• More complex to timetable and resource than a single-model approach.

Financial implications

- Potential for improved cost recovery through shared delivery and targeted additional support.
- May help meet employer expectations without requiring full cohort viability.
- Needs active monitoring to ensure apprenticeship funding compliance is maintained across different elements.

EXAMPLE: FINANCIAL IMPLICATIONS OF INFILL VS COHORT MODEL

A HEI adopted an *infill model* for five apprentices on Chartered Manager standard joining an undergraduate business programme that had spare teaching capacity. While cost-effective

to deliver, the lack of customisation and scheduling flexibility led to employer dissatisfaction and early withdrawal of two apprentices before the end of programme. Funding is only due for the on-programme element up to the month prior to withdrawal for the withdrawing apprentices. The maximum funding due for the two withdrawals would be 80% of expected revenue, dependent on month of withdrawal. On a £22,000 funding band (and expected revenue), if that withdrawal was at the halfway point of the programme earnings for each of the apprentices would be £8,800 so only 40% of revenue (80% of total price is split between start and planned end date with 20% at completion, so withdrawing at halfway would generate 50% of the 80% = 40%). Assuming the remaining three apprentices sat their end-point assessment total revenue was 75% of that originally expected.

In contrast, a *cohort model* was used for 20 apprentices in digital marketing. A bespoke timetable and employer liaison supported high satisfaction, full retention up to the point of end-point assessment and 100% of expected revenue. Additional employer referrals, lead to a repeat intake and subsequent revenues, a significant return on investment.

These examples illustrate the importance of matching delivery model to employer expectations, learner needs, and financial risk appetite.

The key principle of funding in apprenticeships **you will only earn all funding if the apprentice stays until the end of programme and sits the final component of EPA.**

When the apprentice's work-life-study balance is understood and managed effectively the probability of this occurring is maximised. When programmes are not well planned and the apprentice feels out of place, or their work duties do not fit with their study obligations the risk of withdrawal and not obtaining all expected funding is increased.

You may at your discretion design enforceable contractual penalties with employers to give you all planned income but enforceable contract terms carry risk and may impact future delivery with an employer so enforcement should be carefully considered.

Strategic design and scalable delivery – University of Exeter

Exeter rejected a 'lift and shift' model - where existing degree programmes are simply rebranded - and instead designed each apprenticeship directly against the standard.

Their delivery model varies (online, block, hybrid) and is selected based on employer and apprentice need, not internal convenience. Infill models were abandoned due to curriculum and compliance challenges.

A financial target of £25 million by 2030 supports sustainability, while employer roundtables and labour market data tools (e.g. Lightcast) ensure demand-led growth.

Governance and quality assurance processes are fully embedded in university structures, with progress reviews, self-assessment, and Council-level oversight. [Read the full Exeter case study Appendix I](#)

Subcontracting part of delivery within your delivery model

Where HEIs do not deliver all aspects of the apprenticeship in-house, they may choose to subcontract part of the delivery or form partnerships with other training providers to deliver parts of the programme where they do not have resource, e.g. the delivery of functional skills and / or delivery of progress reviews. HEIs remain accountable for the quality of provision and must have oversight of teaching, assessment, and support services provided by subcontractors.

- If you subcontract more than £100,000 of funding in an academic year you must meet the separate Subcontracting Standard (explained in *Chapter: [Subcontracting in apprenticeship delivery](#)*.)
- A formal subcontracting agreement must be in place with the subcontractor, aligned with Department for Education (DfE) rules
- The subcontractor must be on the Apprenticeship Provider and Assessment Register unless you have met the conditions of an externally assessed “Subcontracting Standard” and the subcontractor is receiving less than £100,000 annually from all funded sources
- Subcontracted delivery should be monitored and reviewed regularly to maintain quality and compliance
- HEIs may consider acquiring or merging with an existing provider to rapidly expand delivery capacity or gain market access. This can provide strategic benefits but introduces risks around integration, due diligence, and quality assurance

Careful consideration must be given to governance, contractual obligations, and financial liabilities when acquiring another provider.

See *Chapter: [Subcontracting in apprenticeship delivery](#)* for more details.

Delivering as a subcontractor

A HEI may also consider operating as a subcontractor to another main provider, utilising infill, cohort or hybrid delivery and significantly reduce financial and reputational risk. For example, this model has been used for successful delivery of Police Constable Apprenticeships.

Advantages	Disadvantages
<ul style="list-style-type: none">• The HEI is not directly accountable to DfE (no direct monitoring or Ofsted inspection in their name) but is accountable to the service terms of the main provider subcontracting.	<ul style="list-style-type: none">• Financial acumen of the main provider is unpredictable – take care with contract terms.• Subcontractor management activities by the main provider can be time consuming.• You will not get credit for programme success.

- | | |
|--|--|
| <ul style="list-style-type: none"> • Can allow delivery of the specialism of the institution without delivering unspecialised components. • The financial model is negotiable as is under commercial terms with the main provider. | |
|--|--|

Financial implications

- Cost certainty can be negotiated in contracts with the main provider but be cautious if the main provider aligns to the DfE funding model of payments (this should be a negotiable element).
- Cost controlled, you only need to deliver the components required under the subcontract.

See Chapter: [Subcontracting in apprenticeship delivery](#) for more details.

Choosing a model of delivery

The choice of model is dependent on the demand for the apprenticeship and needs of the employers that you will work with. Contextual evidence suggests that infill models tend to exert more pressure on apprentices to complete work in schedules that do not suit their employment and could increase risk of disengagement and withdrawal (significantly affecting revenues), whereas cohort models can be designed to take greater account of the working environment of their apprentices and ensure the study workload fits more appropriately.

There are successful examples of both types of provision but often the sensible choice is one that reduces the risks of disengagement and increases the likelihood of completion.

Working with employers: Fees and fee collection

How apprenticeship fees are collected and managed varies depending on employer size and funding model:

- *Levy-paying employers:* most of the funding is paid directly from the employer's Apprenticeship Service account to the HEI in monthly instalments, subject to ongoing learner engagement. You would only obtain additional fees if your agreed price was above the funding band for the standard or you applied charges for components not necessary for the apprenticeship that you intend to deliver on top of the programme. How you collect fees for elements not required for apprenticeships is up to you.
- *Non-levy employers:* typically contribute 5% of the agreed price directly to the provider, with the remainder funded by the government except for the individual aged 21 or under at start where no contribution is needed and 100% paid by government. You will invoice and collect for any employer that does have to pay 5%.

- *Non-levy payers in receipt of levy transfer:* These are funded as levy payers for the programme.
- *Unfunded 'Commercial' apprentices:* Delivered to at commercial rates of your choosing. Reported to DfE as unfunded.

Key financial considerations include:

- Clear contracting and invoicing processes with employers
- Transparent pricing that reflects the cost of delivery
- Managing clawbacks and reconciliation if students withdraw or funding conditions are not met

Although most of the apprenticeship funding is paid via the 'Apprenticeship Service', HEIs can strengthen their financial position through well-drafted contracts with employers that are not governed by the funding rules. These can include:

- Financial provisions for **early withdrawal**, where the employer may be liable for unrecovered costs
- Terms for **breaks in learning**, including how funding is paused and recommences
- Agreements covering **additional teaching or support** unrelated to the apprenticeship and outside of the planned programme, which can be charged directly to the employer

These contractual arrangements allow HEIs to apply internal financial controls and reduce the risk of funding shortfalls due to unforeseen learner changes.

If a levy-payer exceeds their Apprenticeship Service digital account balance in any given month they will owe 5% of the excess which is aligned to individual apprentice's dependent upon their priority order in the apprenticeship service. This does need to be monitored and collected by the institution or completion funds may be withheld. It is vital to have robust links between apprenticeship delivery functions and your financial functions.

See Chapter: [Apprenticeship pricing and funding](#) for more details.

Risk management and audit readiness

Training Providers are accountable for the correct use of apprenticeship funding and may be audited by the Department for Education and inspected by Ofsted. Financial penalties can apply where records are incomplete or non-compliant. CFOs should ensure:

- Accurate and timely data entry into learner records and funding systems (e.g. ILR)
- Regular internal reviews of compliance with funding rules, especially around off-the-job training, breaks in learning, and eligibility
- Mandatory documentation such as Training Plans, Apprenticeship Agreements, off-the-job records and assessment records are complete and retrievable

Embedding internal controls and audit readiness processes reduces financial and reputational risk.

Internal cost modelling

Apprenticeship delivery models can vary significantly in cost. CFOs should work with curriculum leads or whichever function you entrust to design the components of the apprenticeship programme to:

- Develop unit cost models for cohort, infill and hybrid delivery
- Account for contact or other teaching hours, functional skills provision, learner support, quality assurance, and systems overheads
- Model different recruitment volumes to assess break-even points
- Estimate withdrawal rates and when learners might withdraw. This is critical to understand annual revenues.
- Establish appropriate financial contributions to the institution as a whole

This supports more informed decisions about pricing, delivery model viability, and long-term sustainability.

Use the toolkit 'Programme Cost and Budgeting Tool' and 'Apprenticeship Financial Forecasting Tool' to plan and predict programme costs and revenue.

Systems and data requirements

Effective apprenticeship delivery depends on robust data and management systems. HEIs should assess whether their MIS can support:

- ILR compliance and Apprenticeship Service reconciliation
- Training Plans, Apprenticeship agreements, Off-the-job training hours, functional skills tracking, and progress reviews being appropriately tracked and evidenced
- Systems can generate reports required for funding claims and audit evidence.

Investment in system improvements may be needed to scale provision while maintaining quality and compliance.

Tools

'Apprenticeship Delivery Models Checklist V1.0' - This checklist helps institutions determine the most appropriate delivery model for each apprenticeship standard. It records the chosen method, justification, and any required actions, ensuring clarity on roles, responsibilities, and timelines.

'Basic Apprenticeship Programme Costing Tool v1.0' - This excel based tool allows you to examine the product cost and budget for delivery of a programme.

'Advanced Apprenticeship Programme Costing Tool v1.0' - This excel based tool allows you to examine the product cost and budget for delivery of a programme but uses additional data points such as contact time in staff roles to establish staff capacity projections .

'Apprenticeship Financial Forecasting Tool v1.0' – This excel based tool allows the profiling of revenue of programmes linked to retention on programme, informing when you are likely to receive monies and your revenue profile.

CHAPTER 4: APPRENTICESHIP PRICING AND FUNDING

Purpose and introduction

This chapter provides Chief Financial Officers (CFOs) in Higher Education Institutions (HEIs) with an overview of how apprenticeship funding in England is paid to a provider.

There is a very good technical funding guide produced by DfE (available [here](#)) and should be used to understand the greater detail of the funding model however we will explain the key components below to help CFOs understand the principles of the model and the opportunities it presents.

This chapter will examine:

- Apprenticeship pricing.
- The funding model.
- The impact of apprentice withdrawal before the end of a programme.
- Recognition of prior learning

Apprenticeship pricing

Apprenticeships are a variable priced product. Not every provider offering will charge the same for equivalent apprenticeship standards, but they are inevitably led in price by the funding band allocated to the standard by Skills England which ranges from £1,500 to £27,000.

Employers will procure apprenticeships using funds in their Apprenticeship Service account, generated by the apprenticeship levy (if a levy payer) or funds reserved within the Apprenticeship Service (if a non-levy payer). A non-levy payer can also be funded by levy transfer from an employer rather than reserving funds, this allows the benefit of avoiding co-investment that would otherwise be paid by the non-levy payer.

The employer will pay toward the training of the knowledge, skills, or behaviours necessary for the standard. DfE will pay the provider additional monies for functional skills delivery and learning support. Additional payments are also made for individuals aged 16-18 (or were 19–24-year-olds that have EHCP or are care leavers).

It is possible to charge an employer fees more than the funding band for their standard delivery; however, the employer would be responsible for paying you that excess out of their own monies and not out of their value in their apprenticeship service account.

The provider is expected to establish clarity with an employer of the total price for an apprentice or group of apprentices in a contract for services of:

1. **Training price** - the fees for the practical training prior to apprenticeship end point assessment, this must be broken down into at least the categories of eligible activities for funding (explained in funding rules as eligible 'costs' but means activities you are allowed to directly charge for)
2. **End-point assessment (EPA)** – the fees for the EPA activities as contractually agreed with the end point assessment organisation (EPAO) for the apprentice; or, if a designated 'integrated degree apprenticeship' the amount you are allocating to EPAs.

You must not charge VAT on the value of these components up to the maximum funding band. VAT is chargeable beyond maximum band. This is explained in funding rules.

(This is also explained in Chapter 6 – [Contracting with employers](#)).

For integrated degree apprenticeships where you are also delivering the EPA you would still have two price components agreed but the price for EPA is set by you. Whether an apprenticeship is deemed an integrated degree apprenticeship or not is set by Skills England.

A non-integrated degree apprenticeship or any other funded apprenticeship would need a price for training and a contractually agreed price with an EPAO for the price for end point assessment.

The values of both training and assessment combine to form the total negotiated price.

If an apprentice has prior learning, then you must take account of that by reducing that individual apprentice's funding through recognition of prior learning and apply a mandatory reduction using a percentage of content adjustment formula which is very institution friendly. Reductions would be at half of the percentage rate of actual content reduction so should encourage the use of RPL as a tool for more time efficient programmes.

If the price for delivery that you agree with an employer exceeds the funding band maximum for the standard (before any deductions for prior learning have been made), the provider must agree off-line (outside of the ILR and apprenticeship service) how the employer will pay this difference and this would be within the contract for services or another commercial contract. DfE state in funding rules they "do not need to know about the amount of this difference and VAT can be charged on this amount. This difference must not be funded from the apprenticeship service account or co-investment".

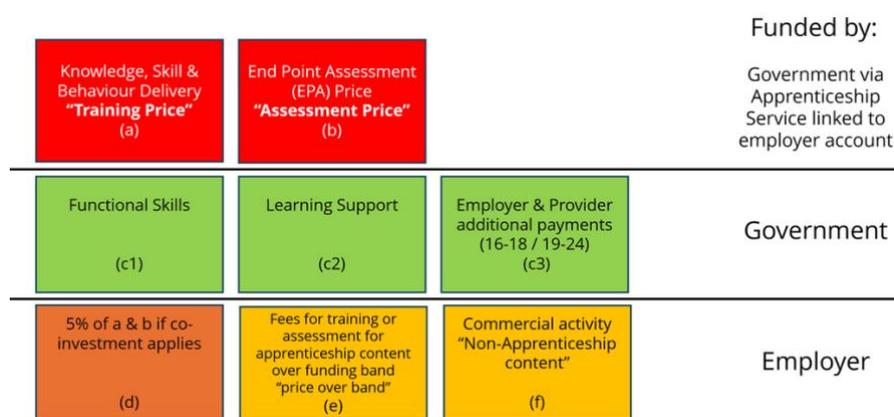
The negotiated price up to the maximum funding band is recorded on an individual apprentice basis in the Individualised Learner Record (ILR) and the total must correspond to the value on the Apprenticeship Service record for that apprenticeship record. In 2024/25 there was a need for dual entry to both the ILR and Apprenticeship, though this burden is expected to be reduced in 2025.

An employer that does not pay the levy and enrolls an apprentice aged over 21 will have to pay 'co-investment'. This is 5% of the funded amount for training and EPA.

As stated above, you may agree to a price above funding band, this too would class as co-investment and would be expected to be collected (but not enforced by DfE).

Finally, if you agree to additional components within the programme that are not needed for the standard but that you choose to offer, you may create commercial agreements for these. This 'non-apprenticeship content' is where many institutions will seek to add qualifications and shorter courses that are of high value to that employer. This is summarised as sources of revenue below:

Diagram 1 Apprenticeship revenue sources:



Funding model

The most critical consideration for delivering apprenticeships is to understand how you earn funding. The programme accrues funds only if the apprentice remains in learning and has weighting for reaching the end of the programme. It is vital this is understood, because if you do not have apprentices reach the end of their programmes you will not generate all the revenues you might expect. Therefore, it is very important to consider that it is likely that not every apprentice will reach the end of a programme, through reasons that may or may not be within your control, after all apprentices also are employed and that employment can be curtailed for one reason or another.

Your funding is generated by the ILR returns you make. Each month you will submit at least one ILR file and your indicative funding will be generated by that return.

The apprenticeship ILR data is then matched against the Apprenticeship Service, and any mismatches mean you do not get paid for that apprentice until those are resolved. You can submit claims and see mismatches in month to resolve them where possible before the closure of that month. You then receive the new funds you have generated minus any funds that have been reconciled for withdrawals or changes by the end of that month.

Key funding principles

1. Any apprentice that withdraws from the programme with an actual end date less than 42 days from start will earn no funding.
2. Funding is distributed according to the start date and planned end date (the start and planned end of practical training).
3. You receive 80% of the funded price between the start date and planned end of practical training)
4. You receive the final 20% as a completion element only when the final component of end point assessment is concluded.

So, any apprentice that withdraws from the programme with an actual end date less than 42 days from start will earn no funding. If you mis-sell a programme or enrol someone whose employer later decides it is not suitable - for example, because the hours of necessary activity are greater than expected or the academic level is too high or too low - you will incur costs that cannot be recovered through funding. You may receive funding for the month of enrolment and any subsequent months until the withdrawal is processed. However, once the actual end date is recorded, your next funding claim will be adjusted accordingly.

The distribution of funding across the programme is important. Eighty per cent is paid between the start date and the planned end of practical training, so setting that planned end date carefully is a key part of programme design. If it is too long, the monthly funding rate will be lower than it should be. If it is too short, you risk supporting apprentices beyond the planned end date without receiving any further revenue. Compliance checks will flag patterns of dates set consistently short as an attempt to game the funding system. The planned end date should not change following enrolment unless it was recorded in error at start, or the individual apprentice goes on a break in learning and returns to an extended programme.

Completion is critical to meeting funding objectives. Twenty per cent of the total price is paid only when the final part of the end-point assessment (EPA) is completed, meaning this significant portion of revenue is only realised at the very end of the programme. On a three-year programme, for example, income in years 1 and 2 will be noticeably lower.

It is uncommon for all apprentices in a programme to reach the final stage of EPA. Government-published success rates for each standard provide a useful indication of the typical likelihood of securing the final 20% of funding. Withdrawals before EPA not only forfeit the completion payment but also mean you receive only a proportion of the 80% allocated to on-programme delivery. Research, including from the St. Martins Group, highlights common reasons for withdrawal - but it is unwise to base financial forecasts on the assumption that all apprentices will complete.

Understanding the funding model reveals the apprenticeship earning cycle as a predictable “rollercoaster” or “big dipper”. On-programme payments are spread over the planned practical training period, so a longer duration reduces the monthly rate, while a shorter duration risks

delivering unfunded support once the planned end date passes. Regardless of programme length, there will always be a significant income peak at EPA completion.

If there is a longer phase of end point assessment this peak is typically preceded by a funding trough. In some standards, the EPA phase can last up to six months, during which no additional funding is received until the final assessment component is completed.

Chart 2 Apprenticeship Revenue – 1 Apprentice starts Sep 25

£27,000 standard, 30-month practical training period with a 6-month phase of EPA – Peak is completion revenues

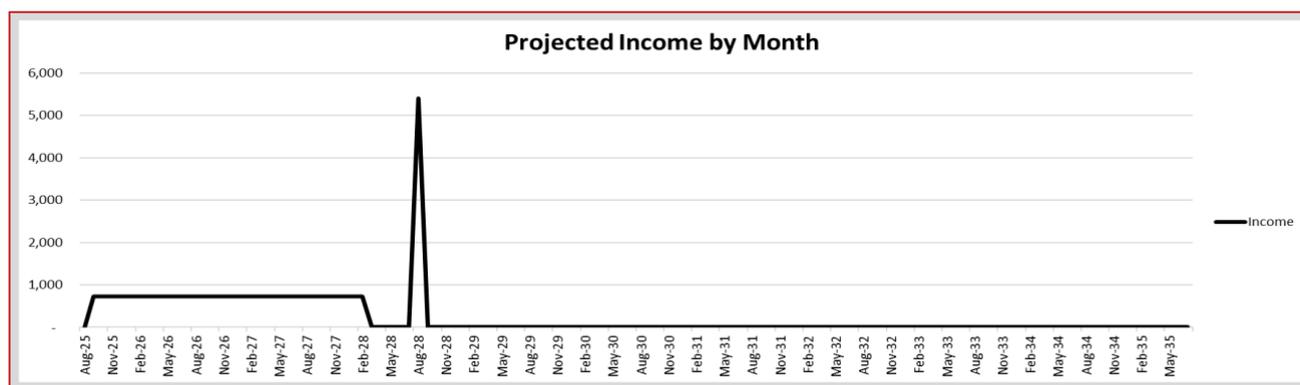


Table 3 – Apprenticeship Forecast by Year / Month – Fully through Levy funding

Year 1

	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26
Summary Programme Payments	-	720	720	720	720	720	720	720	720	720	720	720	720
Completion Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Income	-	720	720	720	720	720	720	720	720	720	720	720	720
Of which income:													
From DfE	-	720	720	720	720	720	720	720	720	720	720	720	720
Co-investment	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Income	-	720	720	720	720	720	720	720	720	720	720	720	720

Year 2

	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Jul-27	Aug-27
Summary Programme Payments	720	720	720	720	720	720	720	720	720	720	720	720	720
Completion Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Income	720	720	720	720	720	720	720	720	720	720	720	720	720
Of which income:													
From DfE	720	720	720	720	720	720	720	720	720	720	720	720	720
Co-investment	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Income	720	720	720	720	720	720	720	720	720	720	720	720	720

Year 3

	Sep-27	Oct-27	Nov-27	Dec-27	Jan-28	Feb-28	Mar-28	Apr-28	May-28	Jun-28	Jul-28	Aug-28	Sep-28
Summary Programme Payments	720	720	720	720	720	720	-	-	-	-	-	-	-
Completion Payments	-	-	-	-	-	-	-	-	-	-	-	5,400	-
Income	720	720	720	720	720	720	-	-	-	-	-	5,400	-
Of which income:													
From DfE	720	720	720	720	720	720	-	-	-	-	-	5,400	-
Co-investment	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Income	720	720	720	720	720	720	-	-	-	-	-	5,400	-

In the model above, the apprentice generates £720 per month - calculated as $(£27,000 \times 0.8) \div 30$ months - plus £5,400 at completion ($£27,000 \times 0.2$). The completion payment is where the programme's profitability is most evident, bringing total earnings to £27,000 over the three years.

If, however, the apprentice withdraws at the end of year one in July, the total earned would be just £7,920. This is because they were only on programme for 12 months, and you do not receive funding for the month of withdrawal unless they leave on the final day. In this example, they would generate only 11 of the 30 monthly payments - just 29% of the expected funding, despite being 33% of the way through the programme.

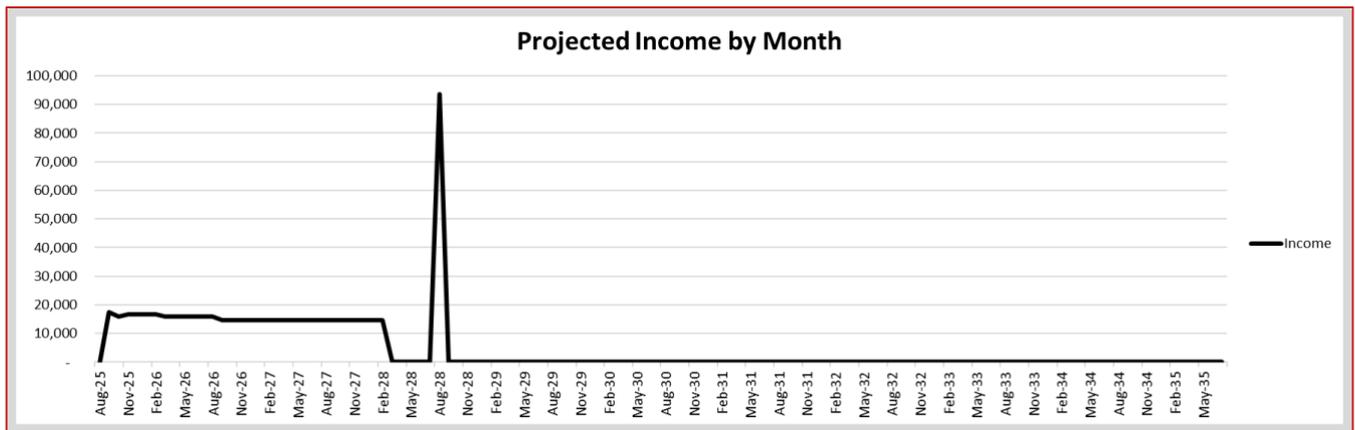
Key variables include the programme start date, the duration of the EPA phase (usually set by the apprenticeship standard), and whether apprentices are retained to completion. Retention is crucial: if apprentices stay on programme, you earn the expected funding; if they withdraw, you do not.

Now, let's scale up.

Below is the same standard but with a single cohort of 25 apprentices (£27,000 standard, 30-month practical training period, and a 6-month EPA phase). In this example, we also assume an average reduction of £1,000 per apprentice for recognition of prior learning (RPL) and that a proportion of employers are non-levy payers.

Chart 3 Apprenticeship Revenue – 25 Apprentice starts Sep 25

£27,000 standard, 30-month practical training period with a 6-month phase of EPA



The income peak in this model is both immediate and significant — volume directly drives reward.

In years 1 and 2, no completion payments are generated because the programme has not yet finished; the only impact on income during this period comes from withdrawals.

Year 3 produces only half a year's earnings, as on-programme payments end halfway through the year when the planned end of the practical training period is reached.

This is followed by a six-month gap with no further funding, as all on-programme payments have been made. The payoff arrives in the fourth year, when the final component of the end-point assessment is completed in August 2028, generating completion payments for 70% of apprentices.

Table 4 Apprenticeship forecast by year – 1 cohort Sep 25

	Yr1	Yr2	Yr3	Yr4
	Aug-25 - Jul-26	Aug-26 - Jul-27	Aug-27 - Jul-28	Aug-28 - Jul-29
Summary				
Programme payments	£179,573	£176,107	£101,920	-
Completion payments	-	-	-	£93,600
Income	£179,573	£176,107	£101,920	£93,600
Of which income:				
From DfE	£177,667	£174,408	£100,949	£92,560
Co-investment (Employer)	£1,907	£1,699	£971	£1,040
Income	£179,573	£176,107	£101,920	£93,600

A group generates more variables, essentially more withdrawals. Consider this was the composition of the cohort:

- 5% withdrew after 30 days
- 10% in total have withdrawn by month 6
- 15% in total have withdrawn by month 12
- No more withdrawals in the second or third year
- 15 % withdraw during the end point assessment phase
- 70% complete end point assessment
- 20% of employers pay co-investment

Let's work through it:

Worked example (Table 5)

1. The funding starts off at £17,333 in September 2025.
2. In October we see our first withdrawals that are within 42 days, so the funding for the group is now £15,947 because the funding system will reclaim the funds from September for the withdrawing apprentices.
3. The funding continues at £16,640 a month for the next four months until another small volume of withdrawals occurs and we drop to £15,947.
4. At the end of year one more learners withdraw and funding in year two averages £14,560.

Table 5 Apprenticeship forecast by month – 1 cohort Sep 25

	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26
Summary Programme Payments	-	17,333	15,947	16,640	16,640	16,640	16,640	15,947	15,947	15,947	15,947	15,947	15,947	14,560	14,560
Completion Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income	-	17,333	15,947	16,640	16,640	16,640	16,640	15,947	15,947	15,947	15,947	15,947	15,947	14,560	14,560
Of which income:															
From DfE	-	17,160	15,773	16,467	16,467	16,467	16,467	15,773	15,773	15,773	15,773	15,773	15,773	14,421	14,421
Co-investment	-	173	173	173	173	173	173	173	173	173	173	173	173	139	139
Total Income	-	17,333	15,947	16,640	16,640	16,640	16,640	15,947	15,947	15,947	15,947	15,947	15,947	14,560	14,560

- February 28 is the last month of practical training period, and the provider receives their final on programme (80%) payments, shown below, with no more monies until EPA is concluded.
- In August 28 EPA is concluded and the 20% completion is paid for the learners that sit EPA (pass or fail), in this case £93,600. (See table 6 below)

Table 6 Apprenticeship forecast by month – EPA Completion

	Aug-27	Sep-27	Oct-27	Nov-27	Dec-27	Jan-28	Feb-28	Mar-28	Apr-28	May-28	Jun-28	Jul-28	Aug-28	Sep-28	Oct-28
Summary Programme Payments	14,560	14,560	14,560	14,560	14,560	14,560	14,560								
Completion Payments	-	-	-	-	-	-	-	-	-	-	-	-	93,600	-	-
Income	14,560	14,560	14,560	14,560	14,560	14,560	14,560						93,600		
Of which income:															
From DfE	14,421	14,421	14,421	14,421	14,421	14,421	14,421						92,560		
Co-investment	139	139	139	139	139	139	139						1040		
Total Income	14,560	14,560	14,560	14,560	14,560	14,560	14,560						93,600		

- Consider in this model that enrolment in September means the completion payment has accrued in August, a fourth funding year. If the programme had started earlier, then all funds naturally would have earned within 3 years.

It cannot be denied that there is a big gap between February 28 and August when you are receiving no more payments until completion, but completion monies need to be considered when you are valuing the programme as a whole. This equally stands if you are considering revenues in year 1 and 2 as being low, the completion element is what increases that considerably.

Let's consider what happens if the year after the first cohort, we add a second cohort of 25 in year 2. A second group may be teachable with similar or only limited increase in resource. You are starting to develop far more robust revenue totals.

Table 7a Apprenticeship forecast by year – 1 cohort only

	Yr1	Yr2	Yr3	Yr4
	Aug-25 - Jul-26	Aug-26 - Jul-27	Aug-27 - Jul-28	Aug-28 - Jul-29
Summary				
Programme Payments	£179,573	£176,107	£101,920	-
Completion Payments	-	-	-	£93,600
Income	£179,573	£176,107	£101,920	£93,600
Of which income:				
From DfE	£177,667	£174,408	£100,949	£92,560
Co-investment (Employer)	£1,907	£1,699	£971	£1,040
Income	£179,573	£176,107	£101,920	£93,600

Table 7b Apprenticeship forecast by year – 2nd cohort of 25 in year 2

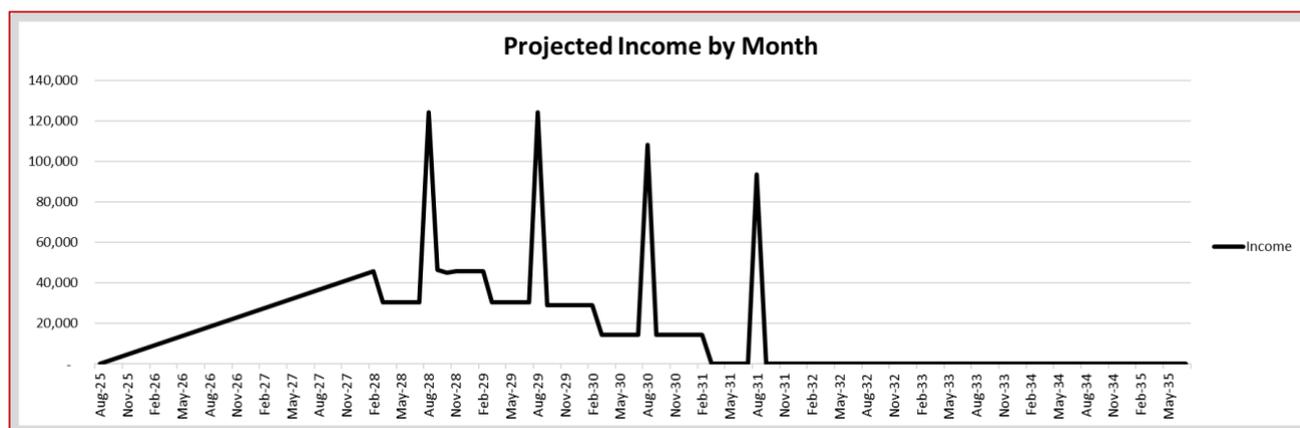
	Yr1	Yr2	Yr3	Yr4
	Aug-25 - Jul-26	Aug-26 - Jul-27	Aug-27 - Jul-28	Aug-28 - Jul-29
Summary				
Programme Payments	£179,573	£355,680	£278,027	£101,920
Completion Payments	-	-	-	£93,600
Income	£179,573	£355,680	£278,027	£195,520
Of which income:				
From DfE	£177,667	£352,075	£275,357	£193,509
Co-investment (Employer)	£1,907	£3,605	£2,669	£2,011
Income	£179,573	£355,680	£278,027	£195,520

Critically, once you hit completion years and carry a regular cohort you are generating more significant sums and increasing the on-year average. You'll notice the dip in revenue in year four, well that's because there wasn't a new cohort in year 3. So, lets add a new cohort of 25 in year 3 and year 4.

Table 8 Apprenticeship forecast by year - 25 starts each year

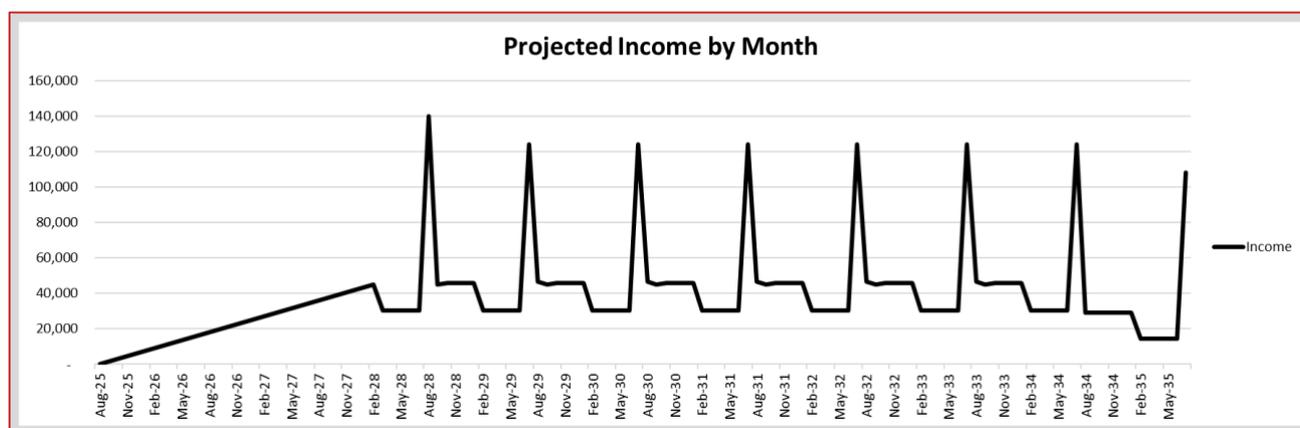
	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7
	Aug-25 - Jul-26	Aug-26 - Jul-27	Aug-27 - Jul-28	Aug-28 - Jul-29	Aug-29 - Jul-30	Aug-30 - Jul-31	Aug-31 - Jul-32
Summary							
Programme Payments	£179,573	£355,680	£457,600	£457,600	£278,027	£101,920	-
Completion Payments	-	-	-	£93,600	£93,600	£93,600	£93,600
Income	£179,573	£355,680	£457,600	£551,200	£371,627	£195,520	£93,600
Of which income:							
From DfE	£177,667	£352,075	£453,024	£545,584	£367,917	£193,509	£92,560
Co-investment (Employer)	£1,907	£3,605	£4,576	£5,616	£3,709	£2,011	£1,040
Income	£179,573	£355,680	£457,600	£551,200	£371,627	£195,520	£93,600

Chart 4 Projected apprenticeship income by month – annual cohort over 4 years



In the above the volume drops as there was only four years of enrolments. So what if we kept starting new cohorts each year? How about eight years of cohort enrolment? See below.

Chart 5 Projected apprenticeship income by month – annual cohort over 8 years



The programme is fairly consistent in total revenue after year three, it averages £478,000 a year when year one averaged £179,000. Table 9 below shows 7 years of cohort pattern:

Table 9 Apprenticeship forecast by year

	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7
	Aug-25 - Jul-26	Aug-26 - Jul-27	Aug-27 - Jul-28	Aug-28 - Jul-29	Aug-29 - Jul-30	Aug-30 - Jul-31	Aug-31 - Jul-32
Summary							
Programme Payments	£179,573	£355,680	£457,600	£457,600	£457,600	£457,600	£457,600
Completion Payments	-	-	-	£93,600	£93,600	£93,600	£93,600
Income	£179,573	£355,680	£457,600	£551,200	£551,200	£551,200	£551,200
Of which income:							
From DfE	£177,667	£352,075	£451,984	£544,544	£544,544	£544,544	£544,544
Co-investment (Employer)	£1,907	£3,605	£5,616	£5,616	£5,616	£5,616	£5,616
Income	£179,573	£355,680	£457,600	£551,200	£551,200	£551,200	£551,200

So, on programmes with multi-year delivery, you need to get to the point where you have completions and on programme funding within year for the programme’s full value to be met.

You can look at modelling using the tool for forecasting with this guide.

As stated, the government also pays you directly for some components:

For apprentices aged 16-18 you will receive **additional payments** of £500 from DfE after 12 weeks and another £500 at 52 weeks, this can also be helpful in modelling. The payments also apply to a 19-24 care leaver or EHCP holder. The employer also receives these payments though they are routed through you to pass on.

Functional skills (English and maths) are funded individually at £724 per aim distributed between your start and planned end of those aims with no achievement. Their cost of delivery can be high, so it is not uncommon for this to be either subcontracted out, the provider applies entry criteria requiring they already be held or use the flexibilities that now apply to not require them within a programme where apprentice or employer does not want to do them.

Learning support can be drawn down from £150 a month to up to £19,000 per year per apprentice if they have a learning difficulty or disability for the costs of reasonable adjustments. This can be a useful supplement.

Eligible and ineligible activities using DfE funding

Within the contract for services you establish with the employer the price should be broken into several components:

- 1) Training price
- 2) Subcontracted components (if applicable)

The **training price** (price excluding end point assessment) should be shown broken down into at least the eligible cost categories in the funding rules:

- Initial assessment
- Off-the-job training
- Materials and consumables
- Peripheral costs including assessment
- Programme governance management and administration

The values you give to the eligible cost components are up to you when delivering to any employer that is not a connected company. You are entitled to create a surplus on those prices.

The only items you cannot apply a profit to within your pricing is for any item procured from external sources – e.g. £500 of materials purchased from a third party would have to be charged at this price to an employer.

If you do deliver to your own employees or those of a connected company (using HMRC rules) you must only claim for the costs of delivery and cannot apply a surplus.

Typically, with external employers it's best practice to agree the values of eligible cost categories as a part of course validation/ programme approval but to be clear these are the prices you assign to these elements and not a 'cost price' unless it's an item procured from external source.

The eligible and ineligible cost rules can be simplified to the understanding that you are allowed to charge directly within contract for eligible cost items, but you cannot charge directly for ineligible cost items.

Table 10 Eligible and ineligible costs

Cost heading category	<input checked="" type="checkbox"/> Eligible costs Can charge using funding	<input type="checkbox"/> Ineligible costs Cannot charge using funding
Initial assessment and programme planning	Initial assessment to identify training needs; administration of enrolment, on boarding activity of training plan agreement, apprenticeship agreement	Designing costs of a new programme, Recruitment, DBS, marketing, or brokerage fees; general pre-screening, induction not related to learning activities in the standard
Training delivery	Off-the-job training planned in training plan; teaching; shadowing, industry visits; mentoring for new skills	Examinations and other testing for qualifications not in the standard, On-the-job training (normal duties); training not linked to the standard
Apprentice support and progress monitoring	Progress reviews: mentoring linked to apprenticeship	Line manager costs in supporting apprentice unless delivering learning relevant to the apprenticeship; general pastoral care unrelated to apprenticeship
Mandatory qualifications	Registration, assessment, certification for qualifications in the standard; one resit of mandatory qual	Non-mandatory qualifications; additional resits beyond one; qualifications the apprentice already holds unless mandatory
Learning materials and equipment	Textbooks, online licences, PPE for off-the-job training, materials (if procured from third party must be at cost price)	Standard PPE for day-to-day work; tools, uniforms or items retained by apprentice for personal use, set up costs for MI products
Administration	Administration and programme governance; data submission; compliance, quality assurance	Student support services, graduation and celebration events
Subcontracting	Subcontractor delivery costs; administration and programme governance; managing delivery partners; placement fees in nursing apprenticeship	Fees paid for brokerage; fees that don't relate to actual delivery
Venue, facilities and utilities	Necessary delivery location costs, must be proportionate to the activity, venue hire, equipment, utilities used for off-the-job training	Capital purchases, lease costs for long-term assets, building costs, wider business costs, depreciation
End-Point Assessment (EPA)	Administration of EPA, but the price paid for the EPA activity would be agreed outside of the training price.	Mock EPA activity
Travel & Subsistence (of provider staff)	Trainer/tutor travel when required for delivery	Apprentice or employer travel/subsistence; provider backfill costs
Other	Programme governance costs; administration linked to the apprenticeship delivery	Bonuses, inducements, gifts to apprentice/employer; employer wage costs; apprentice wages; employer staff time; non-training software or memberships

A typical breakdown would look like the example below for a £13,000 programme that features a £12,000 price for training and £1000 fee for End Point Assessment:

Table 11 Eligible Cost Breakdown example

Initial assessment	£105
Off-the-job training	£3,968
Materials and consumables	£3,375
Peripheral costs including assessment	£1,660
Programme governance management & Administration	£2,892
Training price (TNP1 on ILR)	£12,000
End-point assessment with <insert name> EPA Provider (TNP2 on ILR)	£1,000
Total cost of training and assessment for funding and the value to be recorded on the apprenticeship service	£13,000

In the example below we deducted £1000 for prior learning which reduced the training price to £11,000.

Table 12 Eligible Cost Breakdown example with prior learning

Initial assessment	£105
Off-the-job training	£3,968
Materials and consumables	£3,375
Peripheral costs including assessment	£1,660
Programme governance management & Administration	£2,892
Training price (TNP1 on ILR)	£12,000
End-point assessment with <insert name> EPA Provider (TNP2 on ILR)	£1,000
Reductions in training price for prior learning	£-1,000
Total cost of training and assessment for funding and the value to be recorded on the apprenticeship service	£12,000

You can set pricing based on volume, but you must be clear about your method for calculating recognition of prior learning (RPL) and how it will be applied (See the next section). If the example above represented the per-apprentice price for a cohort or group, the training price line would not be reduced automatically. Instead, you should explain how RPL is assessed, outline the funding calculation method, and then provide a revised price breakdown for any individuals with prior learning.

A more detailed breakdown might also list specific activities and the number of times they will be delivered. This can support the enforcement of additional fees or penalties outside of funding if an apprentice or employer requires more than the agreed allocation. However, this approach is uncommon, particularly in competitive sectors, where other providers may not impose such penalties and could therefore be more attractive to employers.

The funding rules allow a provider to use any surplus generated from eligible costs to cover the cost of ineligible items, as long as those ineligible items are not charged for directly. As the rules state:

"If the provider (main provider) chooses to use the profit (surplus) that a commercial provider can legitimately earn from eligible costs, on any of (the ineligible costs), they can choose to do so."

When subcontracting, the contract for services must include price components that make the arrangement transparent, specifically:

- The apprenticeship training and/or on-programme assessment the main provider will deliver directly, and the amount of funding they will retain for this.
- The apprenticeship training and/or on-programme assessment each subcontractor will deliver, and the amount the main provider will pay each subcontractor for this.
- The specific amount the main provider will retain to manage and monitor each subcontractor.
- The specific amount the main provider will retain to monitor the quality of the training and/or on-programme assessment each subcontractor provides, and for each support/administrative function provided, including data returns.
- A detailed explanation of how the retained funding contributes to delivering high-quality training and why the retention is reasonable and proportionate to the subcontracted delivery.

These additional requirements can make subcontracting more complex to manage within a programme. See the chapter [Contracting with employers](#) for further detail.

Strategic design and scalable delivery – University of Exeter

"Our Forecast system tracks funding monthly. Completion payments can be delayed for over a year, so you need to plan for that in your financial modelling." – Dan Hallam, University of Exeter

Read the full Exeter case study [Appendix IV](#)

Recognition of prior learning

Prior learning will affect the price you can charge for an apprenticeship with government not expecting to fund anything not necessary for competence within a standard. Providers are expected to carry out an initial assessment to determine whether it exists and apply robust methods of validation to apply it.

When it is identified you identify the impact of the reduction on your curriculum. In essence you establish the content reduction in the hours removed from the curriculum as a proportion of the original curriculum hours, then divide it into two. This is incredibly provider friendly and should be taken advantage of in strategic modelling and delivery.

Example: You have advanced entry into a three-year course of 3,000 hours whereby one year is removed. That's 1,000 hours or 33% of that programme. The reduction to funding band is half of that percentage, so 16.5% funding reduction for 33% less delivery. This can be used to make significant efficiency savings and make programmes more effective for employers and apprentices by removing unnecessary content and time.

Several MI platforms will apply the calculation though the institution has control over the methods used to validate evidence to identify hours reductions.

Not enough providers use RPL strategically to their advantage. Most providers view a funding reduction as something to be avoided; however, it is only to be avoided if you genuinely need to deliver learning in that area. Otherwise, why waste time and delay those completion monies?

See our RPL calculator within the toolkit.

Audit and accountability

Apprenticeship performance over time is measured by the apprenticeship training provider accountability framework. It monitors performance metrics including achievement rates, withdrawals, volumes past planned end date and other factors with levels of expected performance that could result in intervention should those levels not be met.

Funding rule performance is measured in an ongoing programme of monitoring activity including data checks and on-site audit. The regularity of these is dependent upon the risk rating of the programme and any other social or environmental factors that might apply, such as employer or student complaint.

A robust approach to ensuring funding rule compliance is essential and resources should always be directed to its control.

Tools

'Apprenticeship Financial Forecasting Tool v1.0' – This excel based tool allows the profiling of revenue of programmes linked to retention on programme, informing when you are likely to receive monies and your revenue profile.

'RPL Calculator v1.0' – This excel based tool allows you to enter the details of your apprenticeship programme in price and planned hours and the hours identified for prior learning. This then calculates the adjustment you would need to make to training price.

'Price breakdown Tool v1.0' – This excel based tool allows you to enter the details of a programme and standardise your approach to calculating eligible costs on a programme-by-programme basis with an output of a breakdown for an employer that could be absorbed into a contract for services schedule.

CHAPTER 5: SUBCONTRACTING IN APPRENTICESHIP DELIVERY

Purpose and introduction

This chapter supports Chief Financial Officers (CFOs) in Higher Education Institutions (HEIs) to understand the use of subcontractors in apprenticeship delivery. Subcontracting is permitted and can expand provision, fill gaps in specialist expertise, and support geographic reach, but it also carries financial, regulatory, and reputational risks.

The Department for Education (DfE) sets strict requirements for subcontracting, and HEIs must comply with these rules to retain access to public funding and safeguard quality. Drawing on DfE guidance and existing HEI practice, this chapter outlines:

- What subcontracting is and what is allowable
- Key regulatory requirements
- Governance and oversight
- Risk and financial consideration

What is subcontracting?

Subcontracting in apprenticeships is where an HEI enters a formal arrangement with another organisation to deliver part or all of training or on-programme assessment on its behalf. This may involve:

- Delivery subcontracting: where the partner delivers elements of the teaching or training / assessment
- Support subcontracting: where non-teaching elements (e.g. pastoral support) are delivered by a third party
- Franchising is also considered a form of subcontracting and is subject to the same compliance expectations.

HEIs remain fully accountable for the apprentice's experience, quality of training, and use of public funds, even where delivery is subcontracted.

What is allowed under DfE rules

The DfE's rules on subcontracting are set out in funding rules and associated guidance [Using subcontractors in the delivery of apprenticeships](#). Key principles include:

- There should be a rationale for subcontracting that meets the funding rules
- Subcontracting must be necessary, transparent, and add value to the apprenticeship
- The lead provider (HEI) should not subcontract the entire programme though there are exceptions to this rule
- Subcontracting is not allowed solely to meet recruitment or funding flow purposes
- Written agreements must be in place, setting out roles, responsibilities, costs, and quality expectations
- Providers must publish a subcontracting rationale and fees and charges policy annually on their websites
- Subcontractors delivering more than £100,000 of provision must be listed on the DfE's Apprenticeship Provider and Assessment Register (APAR)
- Lead providers must notify the DfE of subcontracting arrangements and report subcontracted delivery in the ILR (Individualised Learner Record)
- The arrangements for subcontracting must be clear to the employer in the contract for services with that employer.

If you subcontract more than £100,000 of funding in any funding year, you must meet the terms of the Subcontracting Standard [ESFA subcontracting standard - GOV.UK](#)

The funding body expects that if you do subcontract it would only be for one of the following reasons, deemed the rationale for subcontracting:

- To enhance the opportunities available for learners.
- To fill gaps in niche or expert provision, or to provide better access to training facilities.
- To support better geographical access for learners.
- To offer an entry point for disadvantaged groups.
- To give consideration of the impact on individuals with shared protected characteristics.

If you intend to subcontract you must review your subcontracting policy including their rationale for subcontracting, ahead of each funding year and this must be signed off by the person charged with overall responsibility for the organisation in the governance structure. Once reviewed, the updated policy must be published by 31 October each year or you cannot subcontract any provision. Main providers must publish the information on their website (the rationale for subcontracting, the services they will provide and the associated costs). This process requires resource and accountability within an institution.

In any subcontracted or part subcontracted delivery the provider must directly deliver some of the apprenticeship training and / or on-programme assessment associated with each employer's apprenticeship programme. The volume of training and / or on-programme assessment that the provider directly delivers for each employer must have some substance and must not be a token amount to satisfy the rule so if there is to be subcontracting it is commonly part of the programme or certain serviceable elements of the programme are subcontracted.

Governance and oversight

CFOs should ensure subcontracting arrangements are subject to robust governance. This includes:

- Due diligence checks before engagement (financial health, quality, capacity).
- Oversight and formal approval through appropriate executive or apprenticeship governance structures.
- Clear contract terms covering delivery expectations, monitoring, data sharing, and exit clauses.
- Regular monitoring, including site visits, learner feedback, and review of outcomes.
- Documented performance reviews and quality assurance records.
- If the Subcontracting standard applies the cost of verification of your controls must be conducted by external auditors though may only be needed once every three years.

Subcontracting arrangements should form part of internal audit cycles and be regularly reviewed for risk and value.

Assessing risk

Subcontracting introduces several potential risks:

- *Reputational*: if the subcontractor underperforms, the lead HEI is held accountable.
- *Compliance*: inadequate oversight can lead to funding clawback or audit failure.
- *Quality*: variation in learner experience and outcomes across providers and will feature in inspection by Ofsted or Office for Students (OfS).
- *Data protection and safeguarding*: ensuring subcontractors comply with institutional policies.

CFOs should assess subcontracting risks as part of institutional risk registers and ensure mitigation measures are in place.

"We've chosen to keep delivery in-house wherever possible. It gives us more control over quality and reduces our compliance risk." – Daniel Lally, Sheffield Hallam University

Financial implications

Subcontracting can bring financial opportunities, such as allowing HEIs to scale provision or offer apprenticeships in specialist areas without expanding in-house teams. However, it also creates cost and accountability:

- The lead provider retains responsibility for all funding claims and must manage payments to subcontractors accurately and transparently.
- HEIs may retain a management fee (commonly 10–20%) to cover oversight and management costs but these need to be explained to employers.
- Subcontractor costs should be reasonable and proportionate, and this should be evidenced.
- Late delivery, non-compliance, or quality concerns can affect funding eligibility and income flow.
- Your contractual terms with the subcontractor will establish payment terms to that subcontractor however those payment terms may not align with the rate of funding you receive so you may incur short term costs that are only made whole in time.

Financial agreements with subcontractors should clearly outline payment schedules, performance metrics, and recovery mechanisms in the event of underperformance.

EXAMPLES OF HEI PRACTICE:

It is a requirement of the funding rules to publish your policy and arrangements so practice across the sector can be benchmarked. Common practice includes:

- Maintaining robust internal oversight through apprenticeship boards or steering groups.
- Limiting subcontracting to delivery that cannot be provided in-house or to extend reach to underserved regions or sectors.
- Conducting robust due diligence and applying structured quality assurance to subcontracting relationships, including regular teaching observations and performance reviews.

These approaches reflect DfE expectations and help build confidence with employers and auditors.

Subcontracting due diligence checklist

Before entering into subcontracting or franchising agreements, HEIs should:

- Review the provider's Ofsted and financial health reports
- Check experience in delivering the apprenticeship standard(s)
- Confirm staffing capacity, insurance, and safeguarding arrangements
- Clarify data sharing, learner tracking, and reporting processes
- Establish the persons of significant control and any conflicts of interest or risk of not meeting the high-risk criteria established by DfE
- Company due diligence in terms of meeting companies house expectations

A formal due diligence process should be completed and retained, with approval through institutional governance routes.

Subcontracting can be a useful tool in apprenticeship delivery but must be approached with clear governance, strong financial controls, and full compliance with DfE guidance. CFOs should play an active role in evaluating proposals, approving arrangements, and monitoring subcontractor performance to protect institutional funding and reputation.

Further information:

DfE subcontracting guidance:

https://assets.publishing.service.gov.uk/media/62d6bb2fe90e071e789eaa86/Using_subcontractors_in_the_delivery_of_apprenticeships.pdf

DfE Guidance on funding higher risk organisations:

<https://www.gov.uk/government/publications/esfa-policy-on-funding-higher-risk-organisations-and-subcontractors/funding-higher-risk-organisations-and-subcontractors-policy>

CHAPTER 6: CONTRACTING WITH EMPLOYERS

Purpose and introduction

This section should be read following understanding of the following sections:

1. [General introduction](#)
2. [Funding and price methodology in apprenticeships](#)
3. [Apprenticeship models of delivery](#)
4. [Use of subcontractors](#)

This section is intended to support the development of effective contracts with employers (described in funding rules as 'contracts for service'), to deliver three main aspects of an apprenticeship programme:

- A compliant programme that satisfies public funding requirements.
- An interesting, effective and purposeful programme that adds value to all stakeholders.
- A sustainable employer engagement methodology with clear roles and accountabilities.

However, it is also imperative that an institution will also want to give themselves effective legal and financial protections for if a relationship with either the employer, or individual apprentices does not progress as intended for example if there is contract breach or service level breakdown. This extends beyond the very limited expectations in funding rules for a contract with an employer and should for full assurance consider the full services that are expected to be provided, the risk associated with delivery, the funding model you are applying to the service and the costs incurred by the institution.

This will be addressed in two sections:

- Your obligations to contracts with employers in the funding rules.
- Best practice and effective contracts with employers.

Your obligations to contracts with employers in the funding rules

In the funding rules for 2025/26 and years prior, a contract for services is required to address the price and arrangements for the apprenticeship:

- The provider must agree a contract for services with the employer, and this must include a price for the total cost of each apprenticeship (including the cost of the end-point assessment).
- Any savings from the recognition of prior learning or from further price negotiation (e.g. due to cohort size) must come from within the funding band.
- It must be clear how much the employer will be expected to contribute (if applicable).
- The agreed price that is entered into the ILR and the apprenticeship service must be the same. These prices must not include any VAT (although VAT may be charged on employer co-investment).
- Where the details of the end-point assessment organisation are not known at the start of the apprenticeship, these must be entered (in TNP2) once they have been confirmed. This field in the ILR must be left blank until the price of the end-point assessment has been confirmed to ensure accuracy.
- Once the price has been agreed, the provider must not increase this price, unless there is a change of circumstances or the end-point assessment cost is being added.

So, contract wise it is only a requirement to agree the price of the two components: Training (the part you will deliver) and end-point assessment that might be delivered by you (if integrated degree apprenticeship) or a third party.

There is not an expectation that the price would change unless there is a change of circumstances, for example more training is needed, or the end-point assessment price has changed. The evidence requirements for funding is a copy of the contract for services.

If the true cost of delivery exceeds the funding band maximum (before any deductions for prior learning have been made), the provider must agree off-line (outside of the ILR and apprenticeship service) how the employer will pay this difference. The department does not need to know about the amount of this difference and VAT can be charged on this amount. This difference must not be funded from the apprenticeship service account or co-investment.

The evidence requirements dictate there is a signed and dated contract for services between the provider and the employer, and this has been updated as required. This includes details of any price reduction / negotiation and any details of any employer contribution / co-investment.

Where either the training price or the assessment price changes, the reason for this change and evidence that this change has been agreed in advance with the employer is clear.

In the funding rules there are employer obligations that make sense to include in contract templates to ensure employers are aware of them:

- *Eligibility at start.* An apprentice that is eligible in line with the funding rules in place at the start of their programme will be funded according to those rules. If in a future funding year funding for a programme is withdrawn, it would not affect the individual already enrolled that was eligible in the year of start.
- *Off-the-job training.* In apprenticeships the employer must release for the off-the-job training agreed within the Apprenticeship Agreement and Training Plan. For starts from August 2025 this content will be at least the minimum number of hours published for the apprenticeship standard (was previously 6 hours per week on average before statutory leave across the practical training period). Your programme will usually be more than the published minimum, particularly in higher apprenticeships. Apprentices must receive the volume of high-quality apprenticeship training that they need to develop full occupational competence so in the case of a degree apprenticeship that will include all time you expect them to spend in study, completing assignments and learning activities necessary to develop competence. Be wary not to have contracts that obligate an employer to release for only 20% or the minimum of hours when the activities required in curriculum are likely to be more. Otherwise, apprentices having to do mandatory activity outside of paid time will have their funding invalidated and you and the employer potentially be restricted from having apprentices and using apprenticeship funds.
- *An apprentice must not pay towards their apprenticeship.* The provider, or the employer, must not ask the apprentice to contribute financially to the eligible costs of training, on-programme or end-point assessment. This includes both where the individual has completed the apprenticeship successfully or has left the programme early (this includes where they have left the employer). Costs include any co-investment or additional training and assessment costs above the funding band, that the employer has paid directly to the provider, where this is part of the agreed apprenticeship. This is a known risk and should be monitored carefully as many employer contracts with employees will see recouperation of professional development costs should they leave, this cannot happen with funded provision.
- *An apprentice must be included in the employer's PAYE scheme connected to their apprenticeship service account.*
- *All apprentice wages must be lawful.* Every apprentice must be paid a lawful wage for the time they are in work and in active learning and it is highly recommended you make that obligation clear in contract. The employer is responsible for paying the apprentice's wages and complying with national minimum wage regulations so you would want legal protections should they not meet the regulations. A common risk is using the apprentice minimum wage beyond the first year of the programme for an individual aged 19.

- *An apprentice must be employed to at least the expected end of EPA.* Though this is a check the provider should make, it is useful to make clear the expectation that employer contracts of services with their apprentices last to at least the expected end of end-point assessment in your planned programmes.
- *Secondments.* The employer may agree with another organisation (e.g. in their supply chain) to second the apprentice for part of the apprenticeship, subject to all parties agreeing. The apprentice must spend at least 50% of their apprenticeship duration with the employer whose PAYE scheme they are on, unless they are: Employed by a registered Flexi-Job Apprenticeship Agency; Part of the NHS Workforce Sharing Agreement; Members of the British Armed Forces on secondment / placement to the NHS; or Seconded to an organisation who is part of a Pooled PAYE scheme and is therefore unable to access apprenticeship funding in their own right.
- *Training Plan.* The employer must contribute to and sign to agree to a Training Plan.
- *Progress reviews.* The employer must be obligated to take part in progress reviews, though what this looks like is undefined.
- *Price and eligible costs.* The price of the apprenticeship must be agreed and breakdown of this price will be into at least the following categories:
 - Initial assessment
 - Off-the-job training
 - Materials and consumables
 - Peripheral costs including assessment (excluding end-point assessment)
 - Programme governance, management and administration
 - End-point assessment fees (charged by the EPAO or in integrated degree apprenticeships allocated to the activity by the provider)
- *Ineligible costs.* You cannot directly charge using funding any ineligible cost item. Profit or surplus you legitimately make on eligible costs may be used to support activities outside the scope of eligible funding
- *Recognition of prior learning for the individual apprentice.* Each individual apprentice's funding and consequently their training price could be impacted by their prior learning, so the contract format should take that into account. You can either have each individual apprentice's pricing confirmed or have terms that would issue variation to individual price via a notification. You should however include your general approach to RPLE and the terms of how you would amend price and content in your contract. This is explained in the section on funding methodology and pricing.

- *Subcontracting.* If you use subcontractors in any part of delivery of the apprenticeship, and we discuss this model and risks in the section on subcontracting, there are mandatory rules for you to disclose details of the relationship including the following within a written agreement between you and the employer:
 - The main provider must clearly describe to each employer and potential subcontractor before each subcontracting relationship is agreed, the reason for subcontracting and all services they will provide and the associated costs when doing so.
 - This must include a list of specific costs for managing the subcontractor and for quality monitoring activities and any other support activity offered by the main provider to the subcontractor. All these costs must be individually itemised and describe how each cost contributes to delivering high quality training. They must also explain how such costs are reasonable and proportionate to delivery of the subcontracted apprenticeship training.
 - If the main provider and an employer subsequently agree to use a subcontractor, the main provider must put in place a written agreement with the employer that sets out and confirms the following for the delivery of their apprenticeship programme.
 - The apprenticeship training and / or on-programme assessment that the main provider will directly deliver and the amount of funding they will retain for this direct delivery.
 - The apprenticeship training and / or on-programme assessment that each subcontractor will provide and the amount of funding the main provider will pay each subcontractor for this contribution.
 - The specific amount of funding the main provider will retain to manage and monitor each subcontractor.
 - The specific amount of funding the main provider will retain to monitor the quality of the training and / or on-programme assessment each subcontractor provides, and for each support / administrative function provided, including data returns.
 - A detailed description of how the funding retained for the activities detailed contributes to delivering high quality training and how the funding retained is reasonable and proportionate to delivery of the apprenticeship training by the subcontractor.
 - Any actual or perceived conflict of interest between the main provider and any subcontractors. For example, where the main provider and a subcontractor are part of the same group, share common directors or senior personnel, or where the main provider will benefit financially from using a particular subcontractor.

- There are also particular rules on the format of a contract between provider and subcontractor.

Additional considerations not within funding rules

- *Duration of the agreement with the employer.* You may have an individual apprentice contract with an employer for one apprenticeship funded or a general contract for services that allows for multiple apprentices or cohorts/groups over time, i.e. a multi-year framework for services. Within that timeframe it is possible funding rules may change for enrolments in future years but equally a longer exclusivity arrangement can be advantageous in obligated future enrolments.
- *Pricing models.* This is one of the most important considerations for an institution: Whether you will be charging an employer using solely the funding from government and the rules governing, or whether you would have additional contractual terms in addition to funding rules to ensure your costs or revenue expectations are met. You must abide by the funding rules that govern the use of funding and eligible costs when using that funding, however as an example should an apprentice withdraw within 42 days, you will not receive any funding. It may be reasonable to apply an administrative charge to an employer for the costs you have incurred. Equally if you have limited places on a programme and a place has been filled, yet apprentice withdraws before completion (meaning you have less revenue than agreed), you may choose to apply a reasonable charge to recover incurred costs
- Such terms are not discussed in funding rules and would instead be within scope of your own contractual relationship you make with an employer.
- *Key policies for the institution.* Your own service level terms should be considered as these may affect how you deliver your programme.
 - *Academic suspension / failure.* You may have terms that limit academic progression, for example on programme module failure, this would limit your apprenticeship funding so you would want terms on the resit and resumption of that programme. Or if not possible in your policies, any remedial fees you may deem reasonable.
 - *Breaks in learning.* You may want to apply limits to the reasons for a break or the duration of breaks as funding is suspended in this time.
 - *Withdrawal.* The most important term really, which is when according to your terms would you consider the apprentice to be withdrawn resulting in a stop of the apprentice's funding on the ILR and apprenticeship service. This is in funding rules the last day of learning but you may want to be more definitive on what platform or activity or evidence type this would be.

It is vital to understand that for an institution to have cost certainty in terms of government funding for the apprenticeship, the apprentice needs to remain on programme and sit end-point assessment. Best practices in this area therefore have to be in place to give you the best probability of delivering effective training and retaining the apprentice until the end of end-point assessment.

Employers and Training organisations of all types, including Universities, have a fundamental and crucial part to play in the success apprenticeship. Where an effective and clearly communicated contract is in place, with all parties aware and active participants within the relationship, then the four most common principles of employer contracting and engagement can be promoted, and the pitfalls of employer relationships can be avoided.

An institution will only receive all expected funding from government if the apprentice sits the final part of end-point assessment. Any withdrawal before that point will affect your flow of funding (see chapter on [Apprenticeship pricing and funding](#)). To create a successful relationship and sustain the quality over an extended period of time, these four principles should be at the heart of your employer contracting process:

- *Planning Training.* A well thought through curriculum offer, with a Training Plan that is used regularly by all parties, ensures a well-sequenced programme aligned to employer need, whilst remaining achievable with fixed curriculum teaching and learning periods. The content should be transparent in that there is clarity regarding the time demands of the activities required by apprentices and it is understood where and how this will take place. This reduces the potential for withdrawal by apprentices which would affect the funding possible from government. (Note the Apprenticeship Agreement: *the dates during which the apprenticeship is expected to take place including end-point assessment activities.*)
- *Planning Compliance.* A thorough working knowledge of the funding, training and planning aspects of compliance relative to the curriculum and employer obligations under their funding agreement with government including clarity on the price for training, end-point assessment and any additional services outside of the apprenticeship programme. Done well, the flow of funding, accountability and outcomes can be maximised. (Note the Apprenticeship Agreement: *the amount of off-the-job training that the apprentice is to receive.*)
- *Clarity of Roles and Responsibility.* The contract is designed to set out roles and responsibilities, accountabilities and formalities. It can be quite easy to revert to comfortable practice and not best practice. Points of contact for accountancy queries and operational queries are clear.

- *Reporting and Action Planning.* Elements of compliance appear here, but a healthy employer contractual relationship places reasonable monitoring of performance and achievement at the heart of the system. Best practice here would be clarity of the service level expectations of the employer and how you could demonstrate meeting these. (Note the Apprenticeship Agreement: *the amount of off-the-job training that the apprentice is to receive.*)

There are, however, several steps to effectively establishing these principles. It is possible to have apprenticeship or technical programmes without doing all these well, but they will not sustain an institution long term as overall programme success rates (Qualification Achievement Rates) would be low and volumes of individuals reaching the end of their programme and generating cost certainty in funding would be affected.

It is also worth considering that though there are funding rules requiring a contract for services with an employer, some of the terms within them would be useful to be known by the apprentice themselves, for example the employer and provider's obligations in terms of activities, time for study and so on. It is common to see many terms within contract for services included in the terms and conditions within the Training Plan document, a form signed by all parties. Whereas the contract for services / employer agreement is not likely to have apprentice authentication and agreement, nor does it have to.

"We bring employers into the conversation early – through roundtables, we shape curriculum and delivery models before a contract is even signed." – Dan Hallam, University of Exeter

Price considerations

*REQUIRED BY FUNDING RULES

From a funding rules perspective, the agreement of the price for training and the price for EPA are the fundamental reasons for the existence of a contract for services.

The provider is expected to have clarity of the training price with an employer and the price for EPA.

Integrated degree apprenticeships would still have two price components but the price for EPA is set by you.

A non-integrated degree apprenticeship or any other funded apprenticeship would need a price for training and a contractually agreed price with an end-point assessment organisation. These values

would be updated on an individual apprentice basis in the Individualised Learner Record (ILR) and the total correspond to the value on the Apprenticeship Service portal.

You should be in a position at the point of contracting to understand the training price of your programme and the composition of end-point assessment price. This should be shown clearly with the training price broken down into the eligible cost categories in the funding rules. The values you give to the eligible cost components are up to you, typically we recommend you agree these values as a part of course validation/programme approval.

Table 12 Eligible Cost Breakdown example with prior learning

Initial assessment	£105
Off-the-job training	£3,968
Materials and consumables	£3,375
Peripheral costs including assessment	£1,660
Programme governance management and administration	£2,892
Training price (TNP1 on ILR)	£12,000
End-point assessment with <insert name> EPA Provider (TNP2 on ILR)	£1,000
Reductions for prior learning (if this was an individual apprentice contract)	-£1,000
Total cost of training and assessment for funding and the value to be recorded on the apprenticeship service	£12,000

Naturally whatever prices you record you would want to understand your costs of delivery (See the additional tools available in this pack) so you can effectively budget.

Additionally, it is always worth ensuring that future costs are planned at the outset. For long programmes, this may be estimated, but funding bands for standards might be changed in recurring recruitment cycles, or within a recruitment window, the costs and fees for end-point assessment might also therefore change and the costs of materials and qualifications might be a consideration, as would inflation.

Agreement to recruit apprentices

It is vitally important that the programme is well-founded from the outset. It might seem obvious to ensure that the apprentice, employer and you are as informed as possible, but as the programme progresses, bad habits, or worse, neglect can set in and the programme may not recover raising risks around completion, compliance, and potential clawback of funding.

To help to prevent issues arising, or to mitigate employer problems as they arise, it is essential to follow a systematic process to cover the main elements of effective employer draft contracting.

Step one – Ensure the apprentices is a suitable match for the apprenticeship standard

***REQUIRED BY FUNDING RULES**

This can be a challenge where an apprentice is already employed and is being specifically 'upskilled' or where the programme content cannot be embedded into their day-to-day work. Difficulty often arises in correctly undertaking a skills scan, or more accurately a skills audit. This is intended to ensure the programme, especially the early stages, remains interesting, relevant and a firm foundation that builds on skills, not repeat their introduction, or worse, diminish them. Ideally, we would consider that it is the *Right Apprentice – Right Employer – Right Programme*. There should be some real honesty about the proposed programme, its content and the hours of study it demands. The cost of managing a higher-risk apprentice can easily exceed the revenue earned, so better now than later.

Step two – Employer internal readiness check

This is potentially a huge area for oversight, but there are five areas that must be aligned to the apprenticeship programme to be successful:

1. Line manager or supervisor assigned (who has at least a working knowledge of the programme – Step 3).
2. Understand the internal redundancies (line manager role change, continuity of supervision).
3. Employer management team understands the difference between hosting an apprenticeship and co-designing the apprenticeship (see [Curriculum Planning](#).)
4. Employer has identified and protected the resources needed to complete the apprenticeship (including treating off-the-job time as a resource, not a cost and importantly any necessary functional skills curriculum). These resources include work activities aligned to Knowledge, Skills and Behaviours (KSBs) even when these occur out of synchronisation with the delivery of the programme (see [Step Four](#) and [Curriculum Planning](#) and [Progress Reviews](#).)
5. Apprentice understands the primacy of the KSBs in the programme and is active in their own time and resource management to ensure the apprenticeship is completed. This is an ordinary expectation of every apprentice.

Step three – Effective onboarding and career planning

This is a crucial step, that is often minimised, overlooked or given to diverse teams where the outcomes can be lost in the flow of information. It is a common mistake to think about onboarding or enrolment only into the academic aspects of a programme. There are many aspects to onboarding, but they can be summarised as:

- *Information gathering* – undertaking diagnostic testing, screening for learning needs or adjustments (learners with SEND), initial assessment of the job role (see [Curriculum Planning](#)) and mapping the KSBs to the job role or role description.
- *Information analysis* – what elements of the programme are already secure and in need or refresher training only? Where is the apprentice in need of specific learning or welfare support? What are the employer priorities, so that they can be more aligned with delivery? Does the outcome of the programme meet the apprentice’s expectations (this question may form part of any external inspection).
- *Evaluation of actions* – What is the information telling us? Is there anything we need to be aware of? What planning support or interventions might be needed?
- *Action planning* – A crucial step in good and effective employer communication is the need to have a clear, well distributed and actively monitored action plan with real targets, milestones and reporting elements. This is essential contracting and should be part of the accountability for delivery.
- *Implementation* – This is the critical performance phase and the cornerstone of the contracting process. Achievement of funding, EPA revenue and outcomes pivot on the quality of delivery, oversight and identification of risks early and effectively. See [Progress Reviews](#).

Step four – Initial Assessment / Diagnostic assessment (IA/DA)

***REQUIRED BY FUNDING RULES**

Every apprentice should have an initial and diagnostic assessment in order to best create an effective programme, that is compliant with the apprenticeship funding rules, but more importantly, provides a rounded learning opportunity. IA and DA is a wider topic than is possible in this guidance, but should at the very minimum create some actionable information in the following seven areas:

1. Understanding of prior learning, experience, achievements and the baseline where new training delivery should begin. At the least it should acknowledge the KSBs that are already secure and how much time that might discount from the programme funding and time. This will affect the funding that can be drawn down for the individual apprentice so should feature as a consideration within the contract for services, i.e. that the price for an individual may vary based upon prior learning and the application of the formula for price and content adjustment. Prior learning would need to be assessed and validated.
2. An assessment of job description and job role to identify which KSBs are the priority for the employer, which might be asynchronous with the Training Plan (see [Training Plans](#) below).
3. Identification of any learning difficulties or disabilities and the impact of these upon the programme, sufficient to identify necessary reasonable adjustments to allow the apprentice to effectively engage in the programme.

4. Agree any and all resources that must be available to the apprentice to achieve their programme. This should include access to additional learning resources, driving the visibility of a functional skills programme, accessibility for the role and for achievement of the KSBs.
5. Collate and distribute outcomes of skills scan, assessments such as BKSB, any additional English, Maths or Digital skills profiling. This should feed into the curriculum plans and the Training Plans.
6. All apprentices should have a timetable for implementation of the outcomes of IA and DA. Ideally, this would be led by the employer, especially up to the first progress review. This commitment should be woven into the contract
7. A wider assessment of access for the apprentice and impact of any equality and diversity needs such as travel to work planning (if relevant), funds, costs to the apprentice of employment. Any advice on employment or similar. This welfare assessment should include actions for the employer.

The arrangements for these areas could be written into the contract, normally in the form of a commitment to the initial phase of the apprenticeship. In particular, the first ten to twelve weeks, leading up to the first progress review, though many institutions set first review earlier in the programme to ensure they are fully embedded.

Step five – All party agreement to the programme

*REQUIRED BY FUNDING RULES

Once steps one to four are complete, you can agree the outcome of initial assessment and confirm the details of the specific programme for an individual apprentice. Your contract with an employer can be general, a framework for services that explains that these steps would take place. In smaller provision the contract with an employer may be linked to an individual apprentice. Good practice has the party agreement to the programme, the agreeing of the Training Plan, Apprenticeship Agreement and induction terms be a formal onboarding tripartite meeting and if you plan to do it like that it is a good idea to include this in the contract.

Employer relationship management

There are eight elements to the employer relationship that fall into scope for contracting. Some are 'physical' contracting issues, and some are 'emotional' contracting issues. Each should be considered through some direct communication or included as clauses or commitments in a contract. It is recommended that these are physically written into the final employer agreements/contracts for service and Training Plan terms and conditions BEFORE finalising onboarding of the apprentice.

Element one – Service relationship

This element relates to the overall governance of the employer relationship. There is a hierarchy of relationships between employers and HEI, typically consisting of a senior management relationship, a business development relationship and a skills coach/mentor/tutor relationship. Additionally, there

may be peer level teams – such as academic delivery and skills coaches that can form additional relationship links. A statement of relationships is good practice and helps to manage the flow of communication (or more realistically avoiding a lack of communication or assumptions that someone else is managing the relationship). Pinch points in relationships can occur with information flow such as:

- Ensuring the employer induction contains all of the academic, funding and curriculum considerations, such as who is responsible for delivery of off-the-job opportunities, recording progress, managing work projects and applying knowledge and skills in the workplace.
- The outcomes of IA and DA are built into the Training Plan and the initial progress review objectives
- Identification of 'at risk' characteristics and reporting them. This might include absence, missing academic deadlines, failing to complete work projects, not meeting the KSBs or recording progress. This area is critical as disengagement will result in you not receiving all funding expected
- Ensuring KSBs are covered or mapped appropriately.

Element two – Service offer

The service offer is primarily a statement of responsibilities. Examples of the kinds of responsibilities that should appear within the agreement with employer / contract for services and ideally would be replicated in the terms and conditions within the Training Plan are:

Employer to Provider:

- Provide a viable apprenticeship opportunity, including job role for the duration of the apprenticeship programme, commitment to offer resource and support, including adequate supervision with alternatives in case of operational changes
- Contribute actively to delivery, on-the-job time, monitoring performance and curriculum design, progress reviews and preparation for end-point assessment

Provider to Employer:

- Share and update Training Plans, content, delivery, off-the-job planning and progress.

Element three – onboarding

This is the stage where all the preliminary arrangements are set out. It's important to ensure that the basic foundations are firm and secure. This can include all the arrangements mentioned in this guide but especially the job description review, the eligibility criteria, the costs and funding for the apprenticeship and all the underpinning data to support the apprenticeship – IA and DA, skills scans and other curriculum elements and the Training Plan, including how assessment will be managed.

Element four – The first twelve weeks

This element is most concerned with the very early weeks of delivery. Normally this lasts about twelve weeks, but is not formal reporting period, but the time during which research suggests apprentices are at the most risk from leaving or withdrawing from programmes. This period should focus on:

- Early performance indicators (issues like attendance for new recruits, but levels of engagement and interest for existing employees form a similar indicator)
- Implementation of IA and DA outcomes and effectiveness of information flow
- Ensuring wider welfare issues are identified and addressed
- Functional skills or similar progress in maths, English and digital literacy is in place
- Reporting of performance and usage of the Training Plan or e-portfolio platform
- The compliance checks are secure and start dates, funding and Training Plans are in place as required by the funding rules at the time of recruitment.

Element five – Training

The Training Plan and all elements of the curriculum are covered within the funding rules, but the key record for the training programme in the contract should centre around the roles and responsibilities, key milestones for assessment and progress reviews to ensure that compliance is hard-wired into delivery and all parties are aware of what is planned. This will avoid breakdowns in the tripartite relationship so crucial for successful delivery.

Element six – Progress monitoring

This element ensures that the contracting discussions include a collective commitment to reviewing at regular periods, the following:

- Welfare and development objectives in the workplace
- Employer commitment and support for training and development
- Achievement of functional skills, English, Maths and others
- Implementation of additional learning needs
- Achievement of Learning Objectives
- Achievement of Learning Targets
- Recording of Learning Outcomes
- Achievement of assessment tasks

Element seven – Readiness for end point assessment

*REQUIRED BY FUNDING RULES

It is important to record how readiness for assessment will be achieved. Normally this is a time-limited activity, when the learning programme is complete, but this may not be the case and must be planned out from the outset. The employer must be obligated on programme to agree with the

provider when they believe an apprentice is ready for end-point assessment activities, usually through a gateway review or similar process to start the process of end-point assessment.

Element eight – Gateway and completion

As stated above, this is compliance step in funding rules, although in reality it is often reduced to a 'tick box' or a simple signing that the training is complete and the individual ready for end-point assessment activities. Ideally the gateway readiness check – or gateway triage would seek answers to two questions:

1. ***Would any further training or development benefit the learner further?*** If the evidence suggests not, then the gateway stage is reached from a learning perspective.
2. ***Is the apprentice operating at or above the levels of performance needed for the occupation to be described as workplace competent?*** If the answer is yes, then the apprentice is ready for EPA and this would be confirmed in an agree statement with signatures by employer and provider.

Curriculum planning and training plans

This is a complex area for the tripartite relationship. For the purposes of contracting, it is essential to have fully engaged the employer in understanding the main aspects of curriculum design, programme design and delivery. For example, it is recommended to ensure contracting fully references:

- The areas of the apprenticeship programme where the apprentice is already competent. This is normally achieved during the onboarding process, using skills scans that set out 'chapters of learning' or KSBs that nest together for which additional training is unnecessary, or indeed would demotivate the learner by minimising their existing experience.
- Areas of the programme KSBs or Learning Objectives where the employer has primacy for delivery, especially where the requirement occurs at times that differ from the sequence of the training programme. For example, lectures or taught content may not be in a preferable order for the employer, or where content seems to have a lower direct application.
- The employer has agreed at each stage the Learning Objectives and Learning Targets for any given period within the apprenticeship programme
- Assessment of performance is planned and agreed in advance
- Participation in progress reviews is in place and clearly agreed in the contracting process.
- Employer obligation to negotiate and agree material changes to the individual programme

The Training Plan is a formal part of compliance, although published templates usually do not record sufficiently detailed plans to make them useful. Their usage is often as a compliance tool that is filed and forgotten. A working Training Plan is an essential tool for high achievement.

Progress reviews and supervision

A core and vital part of the compliance and contracting process. A progress review taking place at least four times a year and is a requirement of the programme and this must include the employer as well as the apprentice and the training team. Recording achievement against the KSBs is a central element, although the best mechanism is to use Learning Objectives instead of complete KSBs. This is because some KSBs do not directly indicate what competence is required, nor do they give any sense of attainment level to be achieved. A suite of Learning objectives developed with the employer is highly recommended for inclusion in the employer contracting process. As a minimum, the contract should identify:

- The timetable for delivery (the sequenced curriculum)
- The pattern of progress reviews (monthly/quarterly/12 weekly including additional reviews on a needs/risk basis, or at key times in the year)
- The attendees and how recording will be disseminated (needs to go further than simply stating a record will be kept on an e-portfolio)
- The initial series of learning objectives – developed from the KSBs and how learning targets will be recorded and how learning outcomes will be monitored.

At the end of the programme the final progress review should also:

- Undertake an evidence triage and review (is the body of achievement evidence sufficient, valid, robust, original and authentic)
- Work with the employer to decide if the evidence shows completion and achievement of the required elements
- Use end-point assessment preparatory assessments to confirm your decision
- Ensure the gateway requirements are met
- Record this meeting and decision (some EPAOs provide a template)
- Sign off the Training Plan and the on-programme phase according to the requirements of the EPAO

The expectations in contract with an employer should be for the time considerations of your reviews to be transparent and there is commitment by the employer to taking part in those activities.

Working with end-point assessment organisations

*REQUIRED BY FUNDING RULES

An often-overlooked part of the contracting offer is how engagement with the end-point assessment process might occur. Ordinarily the training side of the apprenticeship would agree the EPA mechanism, although the employer may take a view or opinion on how this is undertaken.

There are six key questions to build into the contracting process:

- *What are the costs?* This includes what service is to be provided, including how is the process managed. This should also consider the resources for assessment, venue and so forth.
- *Are there hidden costs?* This might include costs of resits. You should ask directly how a resit is managed in terms of timing, costs, additional training and signoff. Are there penalty fees for non-attendance including under *force majeure*?
- *What are the obligations?* Who decides how a resit would be undertaken? What information is fed back from assessment?
- *How are assessors identified?* Some assessments include projects undertaken on-programme that feed into assessment. This might mean that assessors are appointed a considerable time before the gateway window.
- *Who manages the administration? Is this overseen by the EPA?* Does the onus lie with the training provider or employer?
- *What are the performance metrics?* How is the EPAO at managing administration, deadlines, communication and feedback, timeliness and transparency and quality of policies.

Your own terms and conditions

This section deals with some of the challenges balancing compliance with employer relationships and programme management.

Withdrawals are one area that can erode employer relationships in contracting. The funding definition of a withdrawal does not always line up with real-world practice. Breaks in learning and other unplanned outcomes can cause funding and outcome difficulty. One very important contracting point is to agree your internal or 'house' definition of **a withdrawal**, including all the steps you would take to prevent or mitigate the underlying causes of a potential withdrawal. The roles and responsibilities elsewhere describe proactive avoidance, but being clear about the pathway to withdrawal is an essential.

You may also want terms regarding notification of events by apprentices or employers, for example cancellation notice (and any subsequent penalty fees you may wish).

This also extends through to your own policies on key areas such as breaks in learning, academic suspension and terms for if there was non-participation in elements of the programme necessary for you to be fully funded (e.g. functional skills activities, end-point assessment). Terms should be set in these areas to give you legal and financial protection.

The key outcome of the contracting process is clarity of accountability and clarity of process.

Disputes, failures or non-agreements

***REQUIRED BY FUNDING RULES**

Ordinary contractual processes will typically address situations where challenges arise. In the context of apprenticeship contracting, particular attention should be given to the risk of breakdowns in the tripartite relationship—or, more commonly, a gradual decline in oversight that allows passive or inconsistent practices to replace active management of learning. To mitigate these risks, it is important to manage contracting proactively, including attention to the following areas:

- Proactivity in advance of identifying an at-risk learner
- Sharing key contacts internally within the parties at the main contracting levels and external contacts (such as DfE)
- The delivery plan, roles and responsibilities and the Training Plan
- Non-completion of training, non-compliance with programme funding and poorly managed progress reviews
- Apprentice performance, oversight and management
- Processes if apprentices choose to change occupation or employer, promoted or dismissed

There is a requirement in contract for you to explain the dispute resolution process and give details of the government body contacts as in funding rules for if matters cannot be resolved and complaint is necessary.

Signing and formalising

The contracting should have direct line of sight to the key parties and signing and formalising should be an active process. This would be impacted by if this was a general contract framework with individual product or service orders.

Aside from general agreement by signature (digital or electronic is permissible) you may also want to be clear when in individual documents for an apprentice you obligate employer signature, for example:

- Apprenticeship Agreement (*Required by Funding rules)
- Training Plan (*Required by Funding rules)
- Inception meetings
- Employer induction

- Onboarding
- Curriculum design
- Progress reviews
- Performance of contract review
- Completion reviews
- EPA planning
- EPA readiness (*Required by Funding rules)

Once the meetings have concluded and information is secured then the contracting can be finalised.

Tools

'Employer contracting checklist v1' – This word document is a checklist of all core areas that should be considered when agreeing to work with employers.

Further information:

Apprenticeship Standards Published off-the-job minimums

<https://www.gov.uk/government/publications/apprenticeship-funding-rules-2025-to-2026>

CHAPTER 7: COMMON CHALLENGES AND RETURN ON INVESTMENT

Purpose and introduction

This chapter provides Chief Financial Officers (CFOs) in Higher Education Institutions (HEIs) with analysis of ROI within the apprenticeship space.

This chapter will examine:

- The potential multiplying return on apprenticeships
- Additional growth influencers
- Calculating ROI in Apprenticeships

You should have a good understanding of the chapters on [*Apprenticeship pricing and funding*](#) and [*Contracting with employers*](#).

Return on investment principles

Return on investment is the overarching principle of whether the return on an output is of greater value than the input. In an education setting it is broadly whether the revenue from an activity is greater than the costs of delivery. In Apprenticeship settings the common challenge has been establishing whether establishing a programme is worth the expense of delivering it. The answer to that is of course that cost absolutely depends on the model of delivery and infrastructure of the institution.

Commonly ROI can be looked at return against cost or return against income.

$$\text{ROI} = ((\text{Income} - \text{Costs}) / \text{Costs}) * 100$$

Or

$$\text{ROI} = ((\text{Income} - \text{Costs}) / \text{Income}) * 100$$

There are many factors that can be considered but as financial officers you would be very used to different forms of analysis

Let's look at these in the context of apprenticeships:

Return Area	Apprenticeship Context
Income vs. cost	<p>What are the returns on apprenticeships? Revenue will be funded monies and potentially some employer co-investment. Does the revenue of the programme, or in this instance the combination of funding and employer contributions cover direct delivery costs, overheads, and any development/start-up costs?</p> <p>The funding formula (the method used to pay you your funding) is a concern here, particularly the risk of withdrawals for whom you will not get all funding and the delayed payment of completion element until the end of end point assessment.</p> <p>If we use robust calculations of withdrawal and completion rates, we can predict more accurately our expected revenue in funding and co-investment. However, we can also establish our costs effectively through robust budgeting and understanding of the model of delivery.</p> <p>(Note both a forecasting and costing tool are within the toolkit, as is an ROI calculator).</p>
Strategic and reputational return	<p>A different type of product: Apprenticeships have a unique multiplier in that they are a product funded by an employer using monies that they are under pressure to utilise. They fund their employee and that they might reasonably have additional employees both now and in the future that might be potential enrolments.</p> <p>Brand positioning: Success in apprenticeships enhances reputation for applied employer-focused education. This can support student recruitment (UG/PG), partnerships, and increase civic impact. However, programme failure carries the risk of affecting this negatively. But the theory we apply here is that the reputational return of an apprenticeship is amplified through employer relationships where one applicant can become many.</p> <p>Influence with major employers / civic bodies: Building relationships that support wider institutional aims (e.g. employer-sponsored research, work placements, CPD contracts). This is clearly an area of opportunity and the main magnifier of ROI. Employers can bring multiple apprentices over multiple years; the opportunity cost is lower and the need to spend levy monies has increased the likelihood of spending. This also increases enrolments on other programmes due to improved and increased reputation.</p>

	Regional impact: Delivering apprenticeships that address local skills gaps can strengthen the university's standing in the community and with policymakers.
Efficiency of delivery	How well are teaching, assessment, and support services planned, allocated and delivered for cost-effectiveness without compromising quality? Staff to student ratios, the cost of resources and how they are implemented are all key factors to success.
Future growth potential	<p>Repeat business / scale-up: Successful delivery increases the chance of employers expanding apprentice numbers or commissioning new standards.</p> <p>Cross-sale opportunities: Apprenticeship employer partners might engage in consultancy, research contracts, or more likely further staff development and more apprenticeships and technical education.</p> <p>Pipeline for other programmes: Apprenticeship learners might progress to other apprenticeships or other university provision (e.g. top-up degrees, master's). This can also be said for those individuals who lose employment, their transfer to UG programmes should be a useful product.</p>
Risk and sustainability	<p>Compliance risk: Poor performance or audit issues could result in clawback of funds or reputational damage.</p> <p>Diversification: Apprenticeships diversify income streams, which can help balance the portfolio of fee income (important in volatile domestic/international student markets). As discussed in the chapter <u>Apprenticeship pricing and funding</u>, apprenticeship revenues take time to build, but once established can be very effective.</p> <p>Delivery risk: Considerations around staff capacity, subcontractor performance, and ability to scale without loss of quality.</p>
Opportunity Cost	Resource allocation: Could staff, space, and capital be used in other areas of university business for greater return?

So, the ROI of apprenticeship delivery for an institution is not just about direct profit or loss on the individual. It's about strategic alignment, long-term growth, brand value, risk management and how well the provision supports the university's mission.

Compliance-focused growth with regional reach – Sheffield Hallam University

Sheffield Hallam (SHU) in 2025 delivers 43 apprenticeship standards to around 3,000 apprentices. With a strong commitment to discrete delivery over infill, programmes are designed from the ground up and aligned to the standard—not retrofitted from existing degrees.

Despite pressure to scale, SHU prioritises compliance and quality. Their central team oversees funding and ILR reporting, contributing to a 0% error rate in recent ESFA audits.

Their apprenticeship footprint is deeply regionally responsive, with over 800 employer partnerships (many SMEs). SHU has avoided heavy corporate reliance in favour of a more inclusive local model, supporting workforce development and cost stability.

Internal governance now fully integrates apprenticeships, with delegated school-level leads, central oversight, and strong quality assurance across diverse departments.

Read the full Sheffield Hallam University case study [Appendix III](#)

Calculating ROI in Apprenticeships

Typical overheads and expected contributions in institutions vary and this naturally affects the expectations of the profitability and ROI of a programme. Common HEI practices of establishing 25-40% overheads on direct delivery costs usually mean that the first two years of three-year apprenticeship programmes look less than exemplary in most models due to the cost of course design and then the lag (delay) in completion monies.

To calculate ROI we must be conscious of this percentage of overheads.

The model below excludes a contribution to overheads. The costs of the programme have been established as salaries and on costs to a simple value per apprentice, shown here at £10,000 per apprentice. The revenue is calculated on a £27k standard across three years with a 70% completion rate.

Table 13 ROI Example without overheads

Input / Output Variable	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Apprentice starts	25	25	25	25	25	25	25
Estimated direct cost per apprentice (£)	10000	10000	10000	10000	10000	10000	10000
Subcontractor cost (£)	0	0	0	0	0	0	0
Set-Up or development costs (one-off) (£)	25000	0	0	0	0	0	0
Total Cost (£)	£275,000	£250,000	£250,000	£250,000	£250,000	£250,000	£250,000
Total Apprenticeship Income (£)	£179,573	£355,680	£457,600	£457,600	£473,547	£472,160	£457,600
Net Surplus / Deficit (£)	£-95,427	£105,680	£207,600	£207,600	£223,547	£222,160	£207,600
Annual ROI%	-34.7%	42.3%	83.0%	83.0%	89.4%	88.9%	83.0%
Net Profit Margin before Tax	-53.1%	29.7%	45.4%	45.4%	47.2%	47.1%	45.4%
Indicative contribution apprentice (£)	£3,817	£4,227	£8,304	£8,304	£8,942	£8,886	£8,304
Indicative ROI per apprentice (%)	-38.17%	55.54%	71.05%	71.05%	72.54%	72.42%	71.05%

In the model above the programme looks incredibly profitable, however overheads need to be considered and apportioned.

In the model below there is an expected contribution of 25% of the programme to an annual overhead of £700k.

Table 14 ROI Example with overheads at a gross contribution %

Input / Output Variable	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Overheads	£700,000	£700,000	£700,000	£700,000	£700,000	£700,000	£700,000
Gross contributions to overheads per programme (%)	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Gross contributions to overheads per apprentice (%)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Apprentice Enrolments (starts)	25	25	25	25	25	25	25
Estimated Direct cost per apprentice (£)	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000
Subcontractor cost (£)	£0	£0	£0	£0	£0	£0	£0
Set-Up or development costs (one-off) (£)	£25,000	£0	£0	£0	£0	£0	£0
Calculated contribution to overheads per apprentice (£)	£7,000	£7,000	£7,000	£7,000	£7,000	£7,000	£7,000
Total Cost (£)	£450,000	£425,000	£425,000	£425,000	£425,000	£425,000	£425,000
Total Apprenticeship Income (£) (Funding and co-investment)	£179,573	£355,680	£457,600	£457,600	£473,547	£472,160	£457,600
Net Surplus / Deficit (£)	−£270,427	−£69,320	£32,600	£32,600	£48,547	£47,160	£32,600
Annual ROI% (Costs including overheads)	−60.1%	−16.3%	7.7%	7.7%	11.4%	11.1%	7.7%
Net Profit Margin before tax	−150.6%	−19.5%	7.1%	7.1%	10.3%	10.0%	7.1%
Indicative ROI on costs per apprentice (£)	−£10,817	−£2,773	£1,304	£1,304	£1,942	£1,886	£1,304
Indicative ROI per apprentice (%)	−108.17%	−27.73%	13.04%	13.04%	19.42%	18.86%	13.04%

Year 1 and 2 are negative, but that is because there is no benefit from completion monies in those years (it's a three year programme). There is still a positive ROI, but it starts in year 3 and naturally increases once completion monies start to occur and you have apprentices enrolling every year. But we can also consider ROI in apprenticeships more broadly due to possible magnifiers that can exist, the benefit of working with employers. This is of course subjective but is unique to apprenticeships or a programme where an employer has funding to spend and multiple persons that could do that programme now and in the future.

For example: An unhappy undergraduate will inform their friends and family if they are unhappy on a programme. That will affect reputation and the likelihood of enrolments by that circle of reach. However, apprenticeships are employer-based programmes designed around job roles. The potential for reputational increase (or decrease) is amplified due to colleagues around them.

Within the apprenticeship space we could use several unique indicators for ROI estimates that could affect future returns positively or negatively:

- Size of employer
- Achievement rates
- Satisfaction of apprentice
- Satisfaction of employer
- Repeat business
- Volume of demand

These would scale up the potential growth of a programme in terms of indicative value and a reduction in cost due to not having to recruit the employer and the ability to upscale or increase volume of programmes and apprentices. You can also measure apply multipliers with usable data: You have satisfaction data from employers and apprentices in your measured accountability framework metrics, and you can scale ROI and the prospect of growth linked to these, what we shall call “reputational” measures. These would also be affected by apprentice achievement rates and likely satisfaction / dissatisfaction as a result.

We’ve used these in our tool to give indicative ROI beyond the conventional calculations above. See the example below including overheads for a small employer where there is no increasing magnifier on the size of employer, however high employer and apprentice satisfaction generates probability of additional business through increased selection in the national “find an apprenticeship” portal.

Table 15 ROI Example with subjective multipliers

Value Growth or multipliers - uses formula in variables tab							
Average Employer size	Small	Small	Small	Small	Small	Small	Small
Employer Size Impact Score	1	1	1	1	1	1	1
Reputational impact Score - Employer satisfaction	1.15	1.15	1.15	1.15	1.15	1.15	1.15
Reputational impact Score - Achievement	1	1	1	1	1	1	1
Reputational impact score - Apprentice satisfaction	1.15	1.15	1.15	1.15	1.15	1.15	1.15
Multiplier calculations	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Employer calculated ROI multiplier on costs (£)	-£310,991	£0	£37,490	£37,490	£55,829	£54,234	£37,490
Apprentice calculated ROI multiplier per apprentice (£)	£0	£0	£1,050	£1,050	£1,563	£1,519	£1,050
Apprentice calculated ROI per year multiplier (combined) (£)	£0	£0	£26,243	£26,243	£39,080	£37,964	£26,243
Estimated ROI multipliers Employer & Apprentice (£)	-£310,991	£0	£63,733	£63,733	£94,909	£92,198	£63,733
Estimated ROI multipliers as percentage of costs (%)	-69.1%	0.0%	15.0%	15.0%	22.3%	21.7%	15.0%
Estimated ROI as percentage of income (%)	-173.2%	0.0%	13.9%	13.9%	20.0%	19.5%	13.9%
Income + Combined estimated multipliers	-£131,417	£355,680	£521,333	£521,333	£568,455	£564,358	£521,333
Costs	£450,000	£425,000	£425,000	£425,000	£425,000	£425,000	£425,000
Estimated ROI including multipliers	-242.4%	-19.5%	18.5%	18.5%	25.2%	24.7%	18.5%

Again, this programme is profitable from year 3 when you start to have completions and if we include the multipliers there is a 15%+ ROI estimate.

In our tool we pre-set the following ratios of value growth within the ROI projection but naturally these are variables:

Table 16 ROI Subjective variables

Editable variables			Multipliers of ROI return		
1	Employer	Ratio of apprentice to future apprentice income		<i>Uses size of employer as a multiplier of ROI return</i>	
	Size of employer	National	1.25		<i>Major employers often operate at scale across regions. Success can lead to national rollouts, progression routes, and referrals to other large employers. Strong reputational boost in competitive tenders</i>
		Large	1.1		<i>Likely to expand apprentice volumes internally. Also generates reputational value within sector supply chains or regional networks.</i>
		Medium	1.05		<i>More limited capacity to scale volumes but could still trigger further business through word-of-mouth and sector clusters.</i>
		Small	1		<i>Lower direct value uplift. However, could strengthen local civic relationships or niche specialisms (e.g. craft, tech SMEs).</i>
Reputational			<i>Using your employer feedback on find apprenticeship training this is an indication of satisfaction - this is a multiplier of ROI return</i>		
2	Employer satisfaction	4	1.15	<i>High satisfaction means more likely to recommend programme</i>	
		3	1	<i>Reasonably satisfied means more likely to recommend programme</i>	
		2	0.8	<i>Unsatisfied means less likely to recommend programme</i>	

		1	0.25	<i>Very unsatisfied would not recommend programme and likely to result in word of mouth for reduced business</i>
		0	0	<i>Significantly unsatisfied would not recommend programme and likely to result in word of mouth for reduced business</i>
Using your average achievement rate for programme - Multiplier of ROI return				
3	Achievement rate	75+	1.15	<i>High achievement means more likely to be satisfied and recommend programme</i>
		50-75	1	<i>Mid-range achievement means reasonable satisfaction and may or may not recommend programme</i>
		0 to 50	0	<i>Low range achievement likely means dissatisfaction and a reluctance to recommend programme</i>
Using your page on find an apprenticeship feedback this is an indication of satisfaction				
4	Student Satisfaction	4	1.15	<i>High satisfaction means more likely to recommend programme</i>
		3	1	<i>Reasonably satisfied means more likely to recommend programme</i>
		2	0.9	<i>Unsatisfied means less likely to recommend programme</i>
		1	0.5	<i>Very unsatisfied would not recommend programme and likely to result in word of mouth for reduced business</i>
		0	0.5	<i>Significantly unsatisfied would not recommend programme and likely to result in word of mouth for reduced business</i>

In terms of measuring ROI, these measures are of course subjective, there does need to be mitigation and measurement.

Examples of this can be recognised by the volume of employers you work with, average volumes of apprentices per employer and improved apprentice retention all naturally increasing revenues.

But the evidence to support increased ROI would usually be seen in:

- Scaling volume
- Improved efficiency of administration and delivery functions
- Better cash and cost control
- Stronger future pipeline
- Repeat business

Table 17 An example ROI dashboard

Metric	Year 1	Year 2	Year 3	ROI Signal Description
Total apprentices (all employers)	65	185	305	Scale driving fixed cost absorption
Average cohort size (large/national)	15	25	35	Higher volume per delivery = efficiency
Contribution margin %	15%	22%	28%	Growing surplus per £ delivered
Overhead recovery (% of target overhead)	30%	45%	60%	Apprenticeships covering more central cost
Direct delivery cost per apprentice	£7,000	£6,600	£6,200	Efficiency gains in delivery
Admin / compliance cost per apprentice	£650	£550	£450	Systems & scale reducing admin cost
Employer bad debt % (small employers)	5%	3%	2%	Better credit control / focus on large firms
Pipeline (contracted future apprentices)	100	220	350	Strong future ROI confidence
Employer retention (repeat business %)	50%	65%	75%	Deepening employer value & lifetime ROI
Net surplus (£)	£150k	£400k	£750k	Clear financial growth of programme

With these ROI multipliers there are no standardised ratios and you may decide you do not wish to use them and just settle for the usual indicators of ROI. It is down to the individual institution to examine how they would want to view programme returns. It is important however to always keep in mind the context that your apprentices all work with employers and commonly there are multiple individuals that fulfil their role and other roles.

It is vital to understand however, that apprentice income will never be consistent unless your recruitment models and withdrawal and completion volumes are precisely the same. Some years the programme will earn more than others and strong performance will only commence from years when completion monies can be earned.

Tools

'ROI Tool v1' – This excel based tool allows you to calculate return on investment including optional, editable variables that are factors within apprenticeship delivery.

'RPL Calculator v1' – This excel based tool allows you to enter the details of your apprenticeship programme in price and planned hours and the hours identified for prior learning. This then calculates the adjustment you would need to make to training price.

CHAPTER 8: OTHER TECHNICAL EDUCATION PRODUCTS

Purpose and introduction

This chapter provides Chief Financial Officers (CFOs) in Higher Education Institutions (HEIs) with an overview of the technical education landscape in England beyond apprenticeships. It outlines key funding mechanisms, qualification pathways, and strategic considerations to support financial planning and sustainable provision. While apprenticeships remain a central pillar of workforce training, other technical education products also provide valuable opportunities for institutions to engage with employers, develop skills provision, and diversify income streams.

Understanding these products, their funding mechanisms, and their potential role in HEIs' provision will enable more informed decision-making, risk management, and strategic planning. This aligns with the financial risks and benefits outlined in the General Introduction document, particularly regarding revenue generation, regulatory compliance, and the financial viability of apprenticeship and technical education delivery. This guide provides an overview of technical education options, including T Levels, Higher Technical Qualifications (HTQs), Skills Bootcamps, and the Adult Skills Fund, alongside key policy developments such as Skills England, the Lifelong Learning Entitlement (LLE), and the planned transition of the Apprenticeship Levy into the Growth and Skills Levy.

THE ROLE OF SKILLS ENGLAND AND THE LEGACY OF IFATE

From 2017 to 2024, the Institute for Apprenticeships and Technical Education (IfATE) played a vital role in shaping England's technical education landscape. As an employer-led, non-departmental public body, it was responsible for:

- Developing and approving apprenticeship standards aligned to industry need.
- Reviewing and regulating technical qualifications to ensure market relevance.
- Overseeing the quality of apprenticeships and technical education provision.
- Engaging employers to ensure that training remained industry-informed and skills-focused.

IfATE established the foundation for a more robust, employer-driven apprenticeship system. However, as part of a strategic reform to unify and streamline skills policy, Skills England has now replaced IfATE and assumed its functions.

Skills England is a single, central authority with a broader remit, responsible for overseeing the end-to-end skills system. Its purpose is to ensure that technical education and skills development are better aligned with economic priorities. Key responsibilities now include:

- Leading national and regional skills planning to tackle skills gaps and shortages.
- Enhancing collaboration between employers, providers, and local skills bodies.
- Driving high-quality technical education and training that supports workforce readiness.
- Ensuring stronger connections between qualifications, apprenticeships, and job roles across sectors.

This transition signals a more integrated and strategic approach to workforce development in England, embedding the employer voice across both national planning and local delivery.

Devolution of Skills

Over recent years, the government has devolved elements of skills funding to local regions to allow for more targeted provision aligned to local labour market needs. This means that:

- Combined Authorities and Local Enterprise Partnerships (LEPs) now play a central role in shaping skills investment.
- The Adult Skills Fund (ASF) has been devolved to some mayoral combined authorities, allowing for region-specific decision-making.
- Regional priorities influence the availability of technical education options, meaning HEIs must engage locally to align provision with economic needs.

For HEIs, devolution presents both opportunities and challenges. Institutions may need to work more closely with regional bodies to access funding and ensure alignment with local economic strategies.

Lifelong Learning Entitlement (LLE)

The Lifelong Learning Entitlement (LLE) is a government initiative aimed at enabling individuals to access funding for education and training at different points in their lives. Key features include:

- Flexible funding for individuals to undertake short courses or modular study at levels 4 to 6.
- Support for career changes and upskilling, making it easier for adults to return to study.
- A shift towards lifelong learning, encouraging institutions to offer more flexible and part-time provision.

HEIs could benefit from the LLE by developing modular and part-time courses that cater to adult learners, expanding their offer beyond traditional full-time degrees.

Strategic considerations

Ensuring that technical education provision is financially sustainable, aligns with employer demand by addressing employer partnerships and funding complexities, and maximises student retention is critical within a HEI. This requires a strategic approach to engaging employers, ensuring that funding models are viable, and navigating the evolving landscape of technical education to create opportunities for long-term student progression within the institution.

Employer engagement and local skills needs

Labour Market Intelligence (LMI): Understanding regional and sector-specific skills gaps using data from local enterprise partnerships (LEPs), combined authorities, Skills England reports, and employer networks.

Employer collaboration: Engaging with businesses to co-design courses that meet their workforce needs, ensuring graduate employability.

Work-based learning models: Considering apprenticeships, Skills Bootcamps, and employer-sponsored HTQs as models for sustainable employer engagement.

Qualification progression and student retention

Seamless progression routes: For example, ensuring that students can progress from T Levels → HTQs → full degrees or from Skills Bootcamps → vocational courses → degree apprenticeships within the same institution.

Modular and flexible learning: Exploring Lifelong Learning Entitlement (LLE) opportunities to allow learners to stack qualifications over time.

Credit transferability: Making sure that credits from technical qualifications can be recognised and transferred into higher-level courses to retain students.

Financial sustainability and funding mix

Diversifying revenue Streams: Balancing government-funded provision (T Levels, HTQs, Bootcamps, Adult Skills Fund) with employer-funded training and commercial short courses.

Growth and Skills Levy (formerly Apprenticeship Levy): Positioning the institution to benefit from levy funding by developing modular courses for employer-funded upskilling.

Cost-benefit analysis: Evaluating the return on investment (ROI) of launching new programmes, considering infrastructure, staffing, and student demand.

Competition and market positioning

Mapping the local education landscape: Identifying competing FE colleges, universities, and private providers and ensuring that the HEI's offer is differentiated and competitive.

Employer-led vs. Learner-led models: Balancing employer demand for workforce development with student-led demand for career progression.

Branding and reputation: Ensuring the institution is seen as a high-quality provider of technical education with strong employer links.

Compliance, regulation and quality assurance

Meeting Ofsted and Office for Students (OfS) requirements: Ensuring all provision meets inspection and regulatory requirements.

Managing funding compliance: Avoiding clawbacks and ensuring full funding eligibility by adhering to DfE, IfATE, and Skills England guidelines.

Monitoring success metrics: Tracking student retention, qualification achievement rates (QAR), and progression into employment.

Technical Education Products

T Levels

What they are: Two-year technical courses for 16–19-year-olds, equivalent to three A Levels, combining classroom study with industry placements.

Funding: Government-funded through the Department for Education (DfE). Institutions must meet eligibility criteria and demonstrate the ability to deliver industry placements and high-quality provision.

Opportunities for HEIs: Possible partnerships for industry placements, progression routes into HE, and direct delivery of T Levels where appropriate.

Risks: High employer engagement requirements, complex quality assurance processes.

Market entry requirements:

- HEIs currently funded to offer 16 to 19 study programmes and with existing students funded in band 5 (the full-time national funding band) will be eligible to offer all T Levels.
- Providers who have a contract to provide apprenticeships or adult provision only are not eligible to apply.

Higher Technical Qualifications (HTQs)

What they are: Higher Technical Qualifications (HTQs) are level 4 or 5 qualifications that have been quality marked by IfATE to indicate their alignment to employer-led occupational standards. HTQs align to approved occupational standards and allow learners to enter their chosen profession or progress onto higher education. Institutions can choose to deliver from a list [of existing HTQs](#) or [develop their own](#).

Funding: approved HTQs will be designated for Higher Education Student Finance (HESF) funding if all the eligibility criteria are met. Students on designated HTQ courses at OfS-registered providers will be eligible for student loans on the same basis as for other designated higher education courses

Opportunities for HEIs: A logical extension of existing provision, meeting demand for flexible and work-ready qualifications.

Risks: Requires employer validation, demand uncertainty, potential funding fluctuations.

Market entry requirements:

- Must align provision to IfATE-approved occupational standards
- Requires course approval and potentially employer partnership evidence

Vocational qualifications – Adult Skills Fund (ASF)

What they are: A broad range of qualifications, including NVQs and BTECs, aimed at adults seeking new skills.

Funding: Government-funded via the Adult Skills Fund, with some courses eligible for fee waivers. HEIs can access funding through direct agreements with the DfE or via contracts with local combined authorities where devolution applies. Institutions must tender for contracts when funding opportunities arise.

Opportunities for HEIs: Potential for short courses and skills-based training aligned to local employer needs.

Risks: Regulatory changes affecting qualification validity, variable demand, variable rules from several devolved authorities.

Market entry requirements:

- Requires applying through DfE or combined authority contracting rounds
- Must demonstrate local demand and ability to deliver against funding rules

Skills Bootcamps

What they are: Short, intensive training courses in priority sectors such as digital, construction, and health.

Funding: Government-funded, often commissioned regionally. HEIs can bid for Skills Bootcamp contracts via the Department for Education (DfE) or regional combined authorities. Applications are usually via tendering rounds where providers demonstrate alignment with local skills needs.

Opportunities for HEIs: Partnerships with employers, potential for rapid-response training.

Risks: High competition, short-term funding cycles.

Market entry requirements:

- Must tender via DfE or combined authority procurement processes
- Need evidence of employer demand, sectoral alignment, and rapid delivery capacity

Other Technical Education Products

Sector-Based Work Academies: Employer-led pre-employment training.

Bespoke Employer Training: Customised short courses aligned to industry needs.

Devolved Funding Projects: Local funding streams available through combined authorities.

Funding: HEIs can engage in direct employer partnerships, regional funding bids, and local authority-led contracts to provide these training programmes.

For HEIs, these programmes could offer additional revenue streams and employer engagement opportunities but require careful consideration of compliance, quality assurance, and strategic fit.

Provider market entry and positioning

For HEIs not already delivering these technical education products, understanding the steps to enter the market is essential. This may involve:

- Becoming an approved provider through relevant DfE or devolved authority procurement rounds or frameworks
- Meeting quality thresholds for IfATE-recognised qualifications
- Aligning with regional or devolved authority skills plans to access funding
- Building delivery capacity internally or through partnerships/subcontracting

Entry is often highly competitive, particularly for bootcamps and adult skills contracts, and requires HEIs to demonstrate employer demand, sector relevance, and a track record of high-quality delivery.

CHAPTER 9: CONCLUSION

Purpose and introduction

This final chapter provides a concise summary of the key points covered throughout the guide and reinforces the strategic and operational value of apprenticeships and technical education within Higher Education Institutions (HEIs). It is intended to help senior financial officers reflect on the critical considerations, risks, and opportunities associated with these programmes, and support informed decision-making around future delivery.

Summary of key insights

Throughout this guide, we have explored the various dimensions of apprenticeship and technical education delivery, including:

Strategic rationale and institutional alignment

Apprenticeships are no longer a niche offer but a core part of a modern, inclusive and responsive HE strategy. They provide an opportunity to meet local skills needs, build partnerships with employers, and open access to education for underrepresented groups.

Misconceptions and market potential

Many of the historical assumptions about apprenticeships – that they are low-level or financially unviable – have been challenged by data, policy development, and successful HEI case studies. Higher-level apprenticeships are growing year on year, demonstrating strong demand from both employers and learners.

Delivery models and risk management

Delivery choices – infill, cohort, or hybrid – carry different implications for cost, quality, and retention. Institutions should adopt flexible, well-costed models that balance employer needs with internal capabilities and compliance expectations.

Pricing and funding

Apprenticeship funding requires rigorous understanding of DfE rules, accurate ILR submissions, and proactive employer contracting. Long-term viability is dependent on strong retention, successful completion, and well-negotiated fee structures.

Subcontracting and partnership working

Subcontracting can be an effective route to scale, provided appropriate due diligence, governance, and oversight are in place. Whether acting as a main provider or subcontractor, institutions must maintain a clear line of accountability and quality control.

Return on investment (ROI)

Apprenticeships, when designed and delivered effectively, can generate a strong and scalable return. Modelling tools and financial forecasting must be embedded in institutional planning processes to ensure sustainability and growth. The potential for multiple students from a single employer that has a source of funds they need to spend makes the apprenticeship product a simpler product to grow.

Expansion into broader technical education

Beyond apprenticeships, HEIs are increasingly expected to engage with other technical education offers, such as T Levels, HTQs and Skills Bootcamps. These can provide diversified income streams and support government policy priorities.

Final Considerations

For financial officers and senior leaders, the shift towards apprenticeships and technical education should be seen not just as a compliance obligation, but as a strategic opportunity. The ability to design provision that is both educationally and financially sustainable will rely on cross-institutional collaboration, a commitment to quality, and clear financial oversight.

While there are risks, they are manageable with the right tools, planning and governance. Successful institutions build from evidence, listen to employer needs, and use data to continually refine their approach.

Next Steps

- Use the tools provided in the guide to support immediate planning and risk assessment.
- Consider piloting one or two apprenticeship standards using a well-defined delivery model before scaling further.
- Review your employer engagement strategy and identify priority sectors where apprenticeships or other technical education products could be most impactful.
- Ensure finance teams are aligned with curriculum leads, compliance staff, and senior management to embed apprenticeship delivery within core institutional processes.

APPENDIX I

Summary of tools

'Apprenticeship Planning Checklist V1.0' - This checklist supports institutions to assess and manage key risks in apprenticeship delivery, including quality, compliance, and safeguarding. It captures current readiness, planned actions, and responsible officers to ensure a clear, proactive approach – Chapter 1, 2

'Apprenticeship Delivery Models Checklist V1.0' - This checklist helps institutions determine the most appropriate delivery model for each apprenticeship standard. It records the chosen method, justification, and any required actions, ensuring clarity on roles, responsibilities, and timelines. – Chapter 3

'Basic Apprenticeship Programme Costing Tool v1.0' - This excel based tool allows you to examine the product cost and budget for delivery of a programme. – Chapter 3

'Advanced Apprenticeship Programme Costing Tool v1.0' - This excel based tool allows you to examine the product cost and budget for delivery of a programme but uses additional data points such as contact time in staff roles to establish staff capacity projections . – Chapter 3

'Apprenticeship Financial Forecasting Tool v1.0' – This excel based tool allows the profiling of revenue of programmes linked to retention on programme, informing when you are likely to receive monies and your revenue profile. – Chapter 3, 4

'RPL Calculator v1.0' – This excel based tool allows you to enter the details of your apprenticeship programme in price and planned hours and the hours identified for prior learning. This then calculates the adjustment you would need to make to training price. – Chapter 4, 7

'Price breakdown Tool v1.0' – This excel based tool allows you to enter the details of a programme and standardise your approach to calculating eligible costs on a programme by programme basis with an output of a breakdown for an employer that could be absorbed into a contract for services schedule. – Chapter 4

'Employer contracting checklist v1' – This word document is a checklist of all core areas that should be considered when agreeing to work with employers. – Chapter 6

'ROI Tool v1' – This excel based tool allows you to calculate return on investment including optional, editable variables that are factors within apprenticeship delivery. – Chapter 7

Several tools already have demonstration data within them and should be overwritten with your models. They are populated to give a guide as to how they could be completed.

APPENDIX II

Case study: Embedded apprenticeship strategy and inclusive growth at London South Bank University

Background and context

London South Bank University (LSBU) has a long tradition of applied education and community engagement, which underpins its significant commitment to apprenticeships. As of 2023, the university delivers 32 apprenticeship standards to over 3,000 apprentices at Levels 4 to 7. A further 300 apprentices are enrolled through the London South Bank Technical College (part of the LSBU Group), with delivery focused on Levels 2 and 3.

Sammy Shummo, the Group Director for Apprenticeships, oversees all aspects of apprenticeship provision across the LSBU Group, including employer engagement, compliance, quality, delivery oversight, and strategic growth. His background in further education and deep operational experience enable him to guide an integrated, outcomes-focused model that blends compliance with innovation.

Strategic drivers and ethos

LSBU's approach to apprenticeships is shaped by its founding mission: to provide practical education for underrepresented communities. With a history dating back over 130 years, the university has always prioritised applied learning and employer links. When reforms enabled the delivery of degree apprenticeships, it was a natural extension of LSBU's strategic vision.

Core strategic drivers include:

- Supporting social mobility and access to high-quality employment
- Strengthening local and regional economic growth
- Extending long-standing relationships with professional bodies and employers
- Embedding apprenticeships within the institutional mission of professional and technical education

This ethos is evident in LSBU's student population. Over 75% of apprentices are under 25; the university has a higher-than-average proportion of apprentices from Black and minority ethnic backgrounds; and a significant number of employers are SMEs. Gender balance varies by sector, with ongoing efforts to increase female participation in built environment disciplines.

Delivery model and integration with wider provision

LSBU adopts a mixed delivery model:

- Most apprenticeships follow a September start, with a few offered as rolling intakes (e.g. rail engineering)
- Delivery methods include day release, block release (e.g. six weeks annually), and hybrid/blended pilots
- Some apprentices attend classes alongside full-time students, while others follow tailored routes

In mixed cohorts, apprentices have proven to be positive influences: they often outperform their peers in academic achievement, bring workplace insights into the classroom, and motivate peers to explore career options. Apprenticeships have helped raise the quality of learning for all students by embedding personal development and safeguarding themes across provision.

Financially, the university has addressed the challenge of costing mixed cohorts by introducing accurate modelling tools and aligning costing decisions with programme validation. This ensures that delivery decisions are based on a full understanding of viability and demand.

Market entry and programme development

LSBU first entered the degree apprenticeship market in 2016, supported by a DfE start-up grant. The chartered surveyor degree apprenticeship launched with 60 apprentices, followed by civil engineering and nursing. Growth has since been driven by strong employer links, internal commitment, and responsiveness to workforce needs.

The university avoids subcontracting due to the associated quality and compliance risks, although it does partner with external providers who deliver the apprenticeship while LSBU awards the degree. English and maths support is offered through LSBU Group's college provision, often as a pre-apprenticeship offer to reduce risk and improve success.

Admissions, finance, registry, and learning support functions are embedded within university teams, with specialist apprenticeship officers aligned to the central apprenticeship team via dotted lines. This hybrid model maintains integration with university systems while supporting compliance and responsiveness.

Governance and quality assurance

Governance structures are well-established:

- An appointed governor leads on apprenticeships at Board level, supported by quarterly reporting

- A monthly Apprenticeship Steering Committee (chaired by the Provost) oversees strategy, risk, and quality
- The Director of Apprenticeships and the Teaching Quality Enhancement team co-own quality improvement
- A single Quality Improvement Plan (QIP) and Self-Assessment Report (SAR) are produced annually

Validation processes have been refined to embed funding rule compliance and Ofsted expectations from the outset. Governance practices have matured significantly over time, supporting consistent delivery and responsive risk management.

Financial management and sustainability

LSBU has implemented structured financial oversight to ensure sustainability:

- Monthly finance working groups bring together registry, finance, and apprenticeship teams
- Apprenticeship funding is modelled through dashboards linked to the university's core data systems
- Invoicing practices were revised to align with apprenticeship rules and improve cash flow

Programme viability is assessed at validation using a costed delivery model that incorporates direct and indirect costs, income projections, and minimum viable cohort sizes. This approach is now embedded in university-wide validation processes for all courses. Dashboards automate calculations for co-investment, transfers, and funding holds, reducing errors and enhancing transparency.

Apprenticeship retention, achievement, and outcomes consistently outperform other modes of study, helping to challenge the perception that apprenticeships are less financially viable.

Challenges and lessons learned

Key challenges have included:

- Overcoming institutional assumptions that apprenticeships are equivalent to part-time study
- Establishing bespoke delivery patterns that meet funding requirements and employer expectations
- Avoiding early programme withdrawals prior to end-point assessment, which reduce completion rates and funding

To address this, LSBU now withholds degree certification until end-point assessment has been attempted, ensuring compliance with programme requirements and clarity for apprentices and employers.

Sammy also highlighted that while university models have traditionally included long academic breaks, apprenticeships benefit from year-round engagement. Moving to a 12-month model has proven more efficient, supports retention, and improves employer satisfaction.

Outcomes and future direction

Apprenticeships at LSBU have catalysed wider transformation:

- They have influenced the development of Higher Technical Qualifications (HTQs) and international technical education partnerships
- Apprenticeship models are being used to inform institutional approaches to hybrid delivery
- Engagement with Ofsted and DfE frameworks has improved quality and accountability across provision

Sammy's advice to other HEIs:

"Don't cut corners. Read the funding rules. Read the inspection framework. Translate that into delivery and get everyone on board—from lecturers to support staff."

LSBU's experience illustrates that when apprenticeships are embedded strategically and delivered with rigour, they can drive inclusion, financial sustainability, and lasting institutional change.

APPENDIX III

Case study: Strategic scaling and apprenticeship integration at the Sheffield Hallam University

Background and context

Sheffield Hallam University (SHU) has developed a significant apprenticeship offer, now delivering over 43 standards to around 3,000 apprentices—representing approximately 10% of the student population. Dan Lally, Director of Partnerships and External Engagement, oversees apprenticeship operations and compliance, and has helped shape a robust model of delivery embedded across academic departments and professional services.

Starting with part-time provision and employer-led upskilling in 2015, apprenticeships have grown into a mainstream institutional priority. SHU now works with nearly 800 employers, many of them SMEs, making its apprenticeship footprint one of the most regionally responsive and demographically varied in the sector.

Strategic drivers and programme design

Apprenticeships at SHU are explicitly demand-led and built from the ground up using apprenticeship standards as the starting point. Dan explained that curriculum is never simply retrofitted to existing degrees. Instead, standards, professional body requirements, and the needs of diverse learner groups drive design. Cultural and regulatory variations, for example in nursing or policing, require bespoke approaches to delivery.

Despite internal pressure to scale through infill models, SHU has maintained a commitment to largely discrete delivery models. These protect the integrity of the apprenticeship experience, particularly when workplace assessment is central. While discrete delivery is costlier, it is seen as essential for compliance, learner satisfaction, and programme quality.

Delivery models and flexibility

The SHU model includes:

- Discrete cohort-based delivery for most apprenticeships
- Limited blended learning for selected masters-level programmes

- Online elements used where appropriate (e.g. gaming, virtual voice training)
- Minimal use of infill models due to pedagogical and regulatory constraints

Where small numbers of apprentices join broader courses, additional structures are used to ensure compliance and personalised support. Local functional skills delivery is subcontracted to a college partner, although this is currently under review.

SHU's apprenticeship population includes a high number of microbusiness clients, with a typical employer-to-apprentice ratio well above the sector average. This has implications for cost, relationship management, and sustainability, and underscores the university's role in driving local workforce development.

Governance and quality assurance

Governance has evolved from a separate apprenticeship system into a model integrated across the university. Structures include:

- Local school-level apprenticeship groups with delegated responsibility
- A central apprenticeship oversight committee chaired by Dan
- Defined quality roles and mandated meetings to ensure consistency
- A focus on best practice drawn from the Ofsted Education Inspection Framework (EIF)

Quality assurance sits within a university-wide structure but retains distinct monitoring and review mechanisms tailored to apprenticeship provision. The self-assessment model is used to track and improve apprentice experience, with a strong focus on teaching supervision, retention, and end-point success.

Compliance and funding

Compliance and funding monitoring is handled by a central team, separate from mainstream contracting teams. This team oversees ILR returns, contracting, and financial forecasting. SHU has achieved 0% error rates in recent ESFA audits—an indicator of robust processes and documentation standards.

Funding is reported through standard institutional finance models but tracked separately through customised planning and forecasting tools. Apprenticeships are now recognised as a distinct business line, and there are plans to enhance cost attribution and financial reporting further.

Dan noted that internal understanding of apprenticeship finances remains a barrier, especially when traditional FTE-based costing is applied. Advocacy for national CFO-level conversations was highlighted as a key enabler for sector growth.

Financial sustainability and growth

Financial sustainability is achieved through careful cost modelling and deliberate scaling. SHU uses a target of 10% of total student numbers as a benchmark for balance—enough to justify systems and staff investment, but not so large as to destabilise quality.

Key sustainability strategies include:

- Designing delivery around critical mass cohorts
- Avoiding small, unviable starts unless strategically important
- Tailoring support models by apprenticeship type (e.g. professional vs. academic)

Dan described the university's decision to avoid major reliance on corporate clients, instead embracing a long-tail model of SME engagement. While more resource-intensive, it supports regional impact and diversity.

Challenges and lessons learned

Cultural resistance: Shifting perceptions of apprenticeships from “other people’s kids” to valued mainstream provision has taken time.

Financial modelling: Apprenticeships remain difficult to benchmark against traditional courses due to different cost and income profiles.

Volume and diversity: Managing over 43 standards across different departments creates quality and compliance pressures but is seen as critical to institutional strategy.

Dan observed that apprenticeships now drive innovation in quality, regulatory practice, and partnerships, and that they have outperformed many traditional programmes in retention, achievement, and learner satisfaction.

Outcomes and future direction

Apprenticeships have become a platform for transformation:

- Franchise partnerships with colleges create pre-apprenticeship pipelines
- SHU supports progression through to master’s-level apprenticeships
- Apprenticeship practice has informed programme design across the institution

The university's next phase focuses on maintaining breadth while improving efficiency, integrating apprenticeships more deeply with technical education ecosystems.

Dan's advice for other HEIs:

"Be honest about who you are and where you're going to compete. Don't pretend you can serve every market. Focus on what you can do well and build from there."

SHU's story is one of deliberate scale, governance maturity, and cultural change, showing that regional responsiveness and institutional ambition can go together.

APPENDIX IV

Case study: Strategic and sustainable apprenticeship growth at the University of Exeter

Background and context

The University of Exeter has established itself as the UK's largest Russell Group provider of apprenticeships, with over 3,300 apprentices across approximately 25 programmes. Their ambition is to reach 5,000 apprentices by 2030, with a financial contribution target of £25 million. Although success is measured primarily in terms of student opportunities and outcomes, financial sustainability remains an important benchmark.

Dan, Head of Degree Apprenticeships, joined the University in 2021. His background in FE and early experience as an academic mentor gave him insight into the operational and cultural challenges of apprenticeship provision within a research-intensive HEI. Exeter's professional services team supports the entire apprenticeship journey, from recruitment and onboarding through to end-point assessment.

Strategic drivers and programme development

Exeter's entry into the apprenticeship market was rooted in a wider culture of employer engagement, led by its Exeter Innovation division. Initial programmes focused on digital technology and civil engineering, with growth driven by employer demand and institutional expertise. The university rejected a 'lift and shift' model early on, learning that simply rebadging existing degrees did not suit apprentices or employers.

Instead, curriculum design is built directly around the requirements of each apprenticeship standard. This employer-responsive approach has enabled the development of both high-volume programmes (e.g. leadership and management, digital) and strategic niche areas (e.g. mining engineering), even where cohort sizes are smaller.

The university uses tools like Lightcast to assess labour market demand and initiates roundtables with employers when exploring new standards. Dan emphasised that Exeter focuses on meaningful employer relationships and considers strategic alignment over opportunistic course development.

Delivery model and learner experience

Exeter delivers a range of delivery models tailored to employer and apprentice needs:

- Fully online delivery for certain programmes
- Block release (1–2 weeks per term)
- Hybrid models, including two-day monthly masterclasses and online seminars

Infill models have challenges due to curriculum and compliance differences between standard degrees and apprenticeships. The university offers closed or open cohorts depending on demand.

There is growing interest from employers in offering a fuller university experience to apprentices, especially younger learners.

Market entry and partnerships

Exeter leveraged its university status to enter the apprenticeship market, but programme viability remains demand-led. Strategic partnerships have been developed with employers and end-point assessment organisations. The university avoids subcontracting due to concerns around bureaucracy, financial viability, and quality assurance.

Governance and quality assurance

Governance structures for apprenticeships at Exeter are fully embedded within university processes and report through to Council. Dedicated degree apprenticeship committees feed into institutional boards. Governance practices from FE, such as self-assessment reports and quality improvement plans, have been successfully adopted.

Ofsted and DfE requirements are used as frameworks for improvement, although staff are encouraged to focus on 'doing the right thing' rather than reacting solely to inspection. Progress reviews, compliance checks, and employer engagement are framed as best practice, not just regulatory duties.

Financial management and systems

Financial oversight began with a 'go/no-go' Excel model to assess the viability of new programmes. Now, a more sophisticated system (4Cast) is used to track contributions and funding flow, including ILR accuracy.

Funding is received centrally and distributed to faculties, who manage all associated delivery costs. The university is currently addressing tensions around cost attribution, particularly in fully online programmes that may be charged against campus-based resources.

Contribution rates sit at approximately 54%, though different methods of calculating contribution (e.g. TRAC methodology) sometimes produce inconsistent results. Profiling of income remains a challenge, as apprenticeship income arrives monthly and achievement funding may be delayed by up to a year.

Challenges and enablers

Key barriers have included competing priorities on HE of research and international income, the complexity of HE and external systems, and misalignment between university finance terminology (e.g. FTEs) and apprenticeship funding models.

However, senior-level buy-in from the Vice-Chancellor and University Council has been instrumental. The institution's entrepreneurial culture and strong employer links through Exeter Innovation have further enabled growth.

System integration remains a work in progress, with efforts underway to transition from spreadsheet-led processes to function-based administrative teams.

Outcomes and reflections

Apprenticeships now account for 10% of the university's student population. Beyond financial growth, key outcomes include stronger employer engagement, widening participation, and greater diversity in the student body. Apprenticeships are reshaping internal perceptions of HE's role in workforce development.

Dan's key advice for other HEIs:

"Be clear about why you want to deliver apprenticeships and secure leadership buy-in at all levels. Design programmes against the standard, not existing degree content."

Exeter's journey demonstrates that apprenticeships can thrive in research-intensive environments, provided the offer is employer-led, well-governed, and strategically aligned.

GLOSSARY

Term	Definition
Apprenticeship standard	Outlines the knowledge, skills and behaviours an apprentice must learn and be able to do competently in a specific job.
Apprenticeship agreement	A contract between the apprentice and their employer, confirming the job and the apprenticeship.
Apprenticeship funding rules	Government rules that explain how apprenticeship money can be used.
Apprenticeship levy	Paid by large employers to help fund apprenticeships.
Co-investment	When smaller employers pay a small share of the training cost (usually 5%) and the government pays the rest.
Cohort	A group of apprentices who start learning at the same time.
Completion payment	The final part of the funding that's only paid when the apprentice finishes all parts of their training and assessment.
Discrete delivery	Apprentices are taught in their own group, not mixed with full-time students.
End-point assessment (EPA)	A final assessment to check that the apprentice is competent against the standard.
ESFA	The Education and Skills Funding Agency (now closed). Its work is now done by the Department for Education.
Gateway	The point where the employer and provider agree the apprentice is ready for their final assessment.
ILR (Individualised Learner Record)	A data return submitted monthly by providers to the DfE, recording apprentice activity, progress, and funding claims.

Infill model	Apprentices taught in the same class as full-time students using the same course.
KSBs	The knowledge, skills and behaviours that an apprentice must learn.
Off-the-job training	Learning done during working hours that is not part of the apprentice's usual job, but is carried out during paid contracted hours.
Ofsted	The organisation that inspects education and training providers, including apprenticeships.
Programme validation	The university's internal process to approve and check a new course, including apprenticeships.
APAR (Apprenticeship Provider and Assessment Register)	The official list of training providers approved to deliver apprenticeships.
Skills England	The new national body that now oversees apprenticeships and technical education (replacing IfATE).
Subcontracting	When a provider pays another organisation to deliver some of the apprenticeship training.

Useful Sources

Funding Rules

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

Apprenticeship Technical funding guide

<https://www.gov.uk/government/publications/apprenticeship-technical-funding-guide>

Apprenticeship training provider accountability framework

<https://www.gov.uk/government/publications/apprenticeship-training-provider-accountability-framework>

Monitoring the funding rules

<https://www.gov.uk/government/publications/financial-assurance-monitoring-post-16-funding>

Qualification Achievement Rates

<https://www.gov.uk/guidance/introduction-to-qualification-achievement-rates-gars>

English and Maths in Apprenticeships

<https://www.gov.uk/government/publications/english-and-maths-requirements-in-apprenticeship-standards-at-level-2-and-above/english-qualifications-for-apprenticeships>

ILR Specification

<https://guidance.submit-learner-data.service.gov.uk/>

Apprenticeship Statistics

<https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships/2024-25>

Subcontracting guidance:

https://assets.publishing.service.gov.uk/media/62d6bb2fe90e071e789eaa86/Using_subcontractors_in_the_delivery_of_apprenticeships.pdf

DfE Guidance on funding higher risk organisations:

<https://www.gov.uk/government/publications/esfa-policy-on-funding-higher-risk-organisations-and-subcontractors/funding-higher-risk-organisations-and-subcontractors-policy>

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David Lockhart-Hawkins has worked within the education sector for over 25 years specialising in post 16 policy, financial assurance and strategic implementation.

Representing several of the leading stakeholders in the sector as a consultant, he has assisted the growth and prosperity of clients through designing and delivering effective and efficient evidence systems, monitoring programmes and insightful strategic development services including audit preparation, Apprenticeship programme design, quality improvement and new provider support. He is a judge for the Quality Professional Awards supporting their compliance categories and is a Fellow of the Institute of Employability Professionals. Since 2018 he has been an Strategic Associate of the Strategic Development Network (SDN) and leads on compliance CPD programmes for the organisation including topics including the fundamentals of compliance, compliance for leaders, developing initial assessment, implementing compliant learning support claims, understanding apprenticeship funding and financial management, He has also worked with leading software suppliers to support their development post 16 education platforms.

As Managing Director of Lockhart Hawkins, his company client portfolio includes some of England's best known and high performing Universities, Colleges, Independent Providers and Employer Providers.

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