

Getting your apprenticeship costings right

Annual Apprenticeship
Conference 2024



About SDN

- Specialists in apprenticeships, technical education and workforce development.
- Working with education organisations, employers and government, providing industry-leading consultancy, CPD, resources and research.
- Supported 1,000+ providers to launch, grow and improve their apprenticeship provision.

**CONSULTANCY &
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**RESOURCES &
TEMPLATES**

Introductions



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lead, SDN

Director, Lockhart-Hawkins
Ltd



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Director of Business
Development, SDN

Today's agenda

1. Understand some of the trip hazards of eligible and ineligible costs
2. Explore costing models and options to get a better understanding of your costs of delivery and margins
3. Understand the link to effective programme design and delivery
4. Q&A

Apprenticeship Costings

Key documents / Links

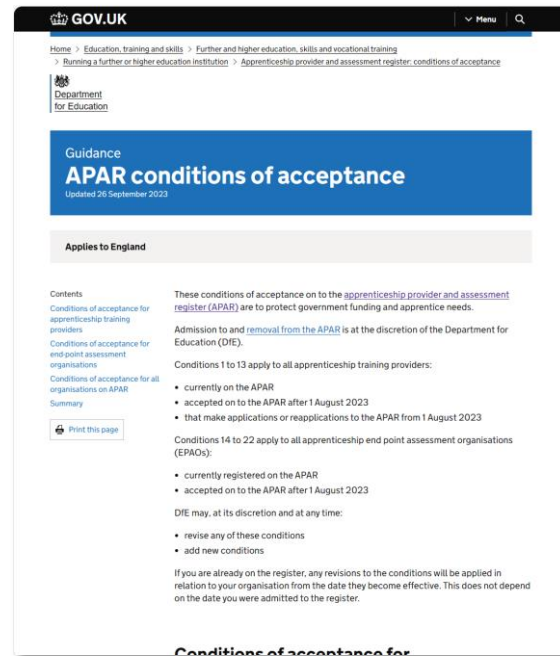


Department for Education

Apprenticeship funding rules

August 2023 to July 2024

October 2023
Version 2



GOV.UK

Home > Education, training and skills > Further and higher education, skills and vocational training > Funding a further or higher education institution > Apprenticeship provider and assessment register: conditions of acceptance

Department for Education

Guidance APAR conditions of acceptance

Updated 26 September 2023

Applies to England

Contents

- Conditions of acceptance for apprenticeship training providers
- Conditions of acceptance for end-point assessment organisations
- Conditions of acceptance for all organisations on APAR

Summary

Print this page

These conditions of acceptance on to the [apprenticeship provider and assessment register \(APAR\)](#) are to protect government funding and apprentice needs.

Admission to and [removal from the APAR](#) is at the discretion of the Department for Education (DfE).

Conditions 1 to 13 apply to all apprenticeship training providers:

- currently on the APAR
- accepted on to the APAR after 1 August 2023
- that make applications or reapplications to the APAR from 1 August 2023

Conditions 14 to 22 apply to all apprenticeship end point assessment organisations (EPAOs):

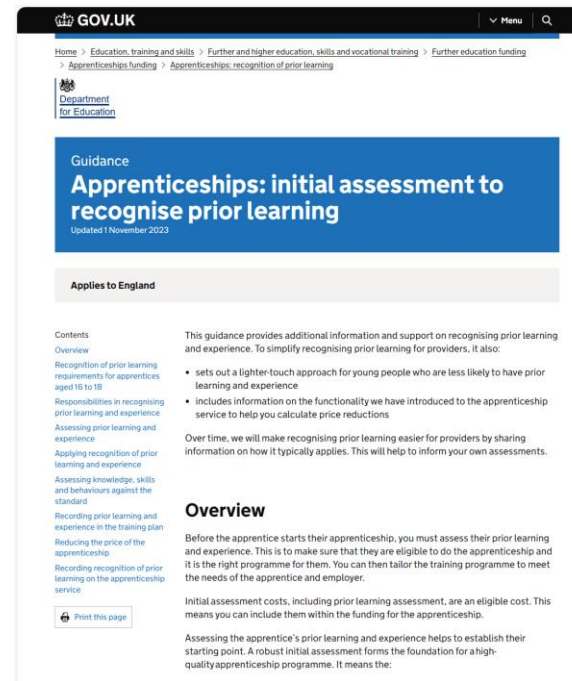
- currently registered on the APAR
- accepted on to the APAR after 1 August 2023

DfE may, at its discretion and at any time:

- revise any of these conditions
- add new conditions

If you are already on the register, any revisions to the conditions will be applied in relation to your organisation from the date they become effective. This does not depend on the date you were admitted to the register.

Conditions of acceptance for



GOV.UK

Home > Education, training and skills > Further and higher education, skills and vocational training > Further education funding > Apprenticeships funding > Apprenticeships: recognition of prior learning

Department for Education

Guidance Apprenticeships: initial assessment to recognise prior learning

Updated 1 November 2023

Applies to England

Contents

- Overview
- Recognition of prior learning requirements for apprentices aged 16 to 18
- Responsibilities in recognising prior learning and experience
- Assessing prior learning and experience
- Applying recognition of prior learning and experience
- Assessing knowledge, skills and behaviours against the standard
- Recording prior learning and experience in the training plan
- Reducing the price of the apprenticeship
- Recording recognition of prior learning on the apprenticeship service

Print this page

This guidance provides additional information and support on recognising prior learning and experience. To simplify recognising prior learning for providers, it also:

- sets out a lighter-touch approach for young people who are less likely to have prior learning and experience
- includes information on the functionality we have introduced to the apprenticeship service to help you calculate price reductions

Over time, we will make recognising prior learning easier for providers by sharing information on how it typically applies. This will help to inform your own assessments.

Overview

Before the apprentice starts their apprenticeship, you must assess their prior learning and experience. This is to make sure that they are eligible to do the apprenticeship and it is the right programme for them. You can then tailor the training programme to meet the needs of the apprentice and employer.

Initial assessment costs, including prior learning assessment, are an eligible cost. This means you can include them within the funding for the apprenticeship.

Assessing the apprentice's prior learning and experience helps to establish their starting point. A robust initial assessment forms the foundation for a high-quality apprenticeship programme. It means the:



Department for Education



Apprenticeship off-the-job training

Policy background and examples to support the 2023 / 2024 apprenticeship funding rules

Version 5
October 2023

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

<https://www.gov.uk/government/publications/apprenticeships-off-the-job-training>

<https://www.gov.uk/government/publications/apprenticeships-recognition-of-prior-learning/apprenticeships-initial-assessment-to-recognise-prior-learning>

<https://www.gov.uk/government/publications/apprenticeship-provider-and-assessment-register-conditions-of-acceptance/apar-conditions-of-acceptance>

https://assets.publishing.service.gov.uk/media/60ab79d8e90e071b5a7c0061/Apprenticeships_technical_funding_guide_2020_to_2021_v2.3.pdf

Pricing Foundations

Apprenticeship Principles

From occupational proposal to a funding band

Fig 1. Standard creation



Apprenticeship Funding Principles

Funding Bands

Funding bands show the amount the government will contribute up to for each apprenticeship standard for the given apprentice

Fig 2. Example Funding Bands

Name	Apprenticeship standard reference number	Approved for Delivery Date	Route	Level	Maximum Funding (£)
Environmental Practitioner (degree)	ST0778	14/06/2019	Agriculture, environmental and animal care	6	£27,000
Ecologist (degree)	ST0577	28/06/2019	Agriculture, environmental and animal care	7	£9,000
Sustainability Business Specialist (integrated degree)	ST0748	21/05/2020	Agriculture, environmental and animal care	7	£11,000
Agriculture or Horticulture Professional Adviser	ST0761	10/07/2020	Agriculture, environmental and animal care	6	£14,000
Professional Forester (integrated degree)	ST0923	03/08/2024	Agriculture, environmental and animal care	6	£22,000
Chartered Manager (degree)	ST0272	08/10/2015	Business and administration	6	£22,000
Senior Leader	ST0480	27/02/2018	Business and administration	7	£14,000
Project Manager (integrated degree)	ST0411	22/06/2018	Business and administration	6	£22,000
Improvement Leader	ST0556	29/01/2019	Business and administration	6	£15,000
Career Development Professional	ST0694	10/05/2019	Business and administration	6	£9,000
Systems Thinking Practitioner	ST0787	13/05/2020	Business and administration	7	£18,000
Operational Research Specialist	ST0884	24/08/2020	Business and administration	7	£14,000
Senior People Professional	ST0813	07/01/2024	Business and administration	7	£19,000
Social Worker (integrated degree)	ST0510	30/11/2018	Care services	6	£23,000
Church Minister (integrated degree)	ST0527	27/09/2019	Care services	6	£13,000
Play Therapist	ST0905	23/06/2024	Care services	7	£20,000

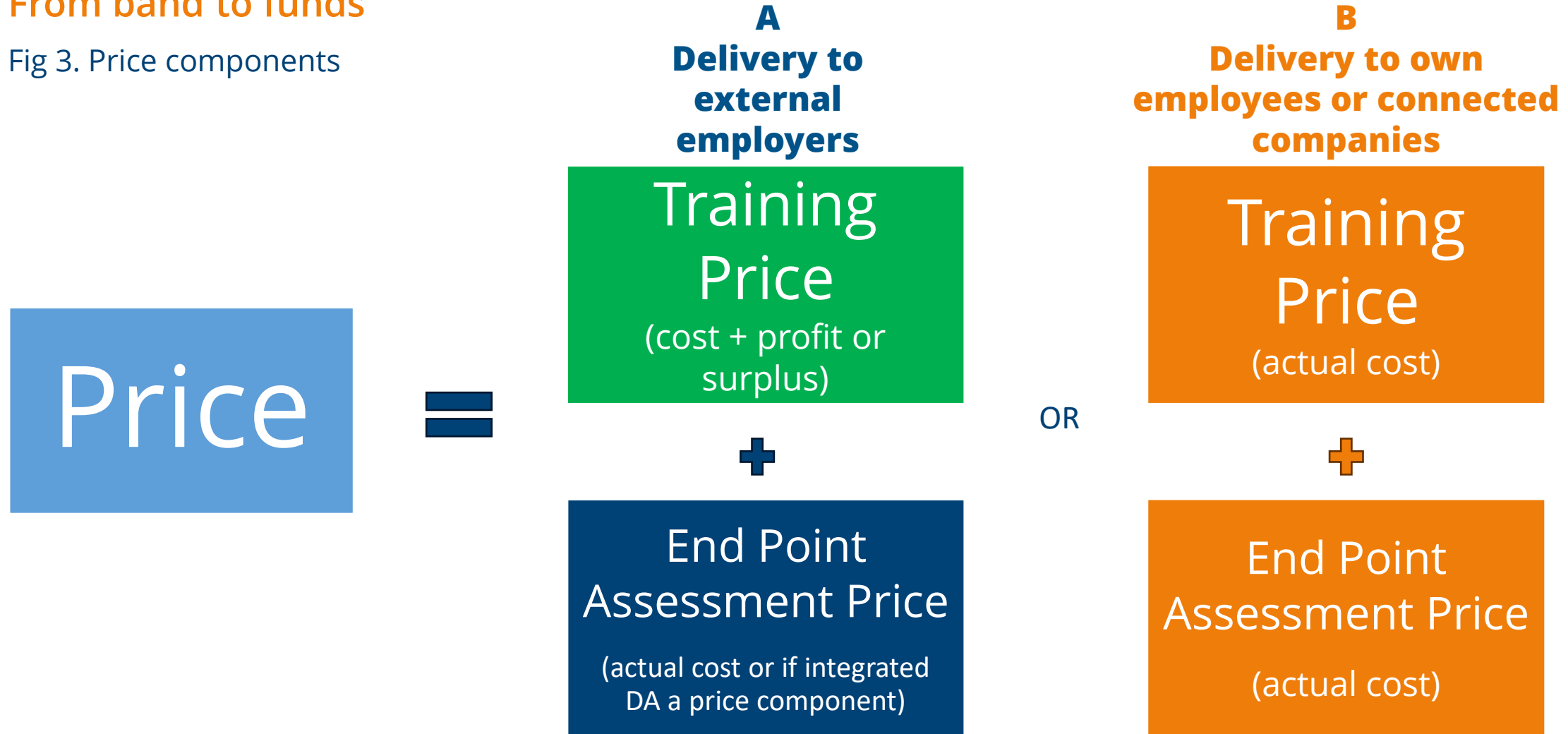
Band Number	Band Maximum
1	£1,500
2	£2,000
3	£2,500
4	£3,000
5	£3,500
6	£4,000
7	£4,500
8	£5,000
9	£6,000
10	£7,000
11	£8,000
12	£9,000
13	£10,000
14	£11,000
15	£12,000
16	£13,000
17	£14,000
18	£15,000
19	£16,000
20	£17,000
21	£18,000
22	£19,000
23	£20,000
24	£21,000
25	£22,000
26	£23,000
27	£24,000
28	£25,000
29	£26,000
30	£27,000

[Allocating a funding band / Institute for Apprenticeships and Technical Education](#)

Apprenticeship Funding Principles

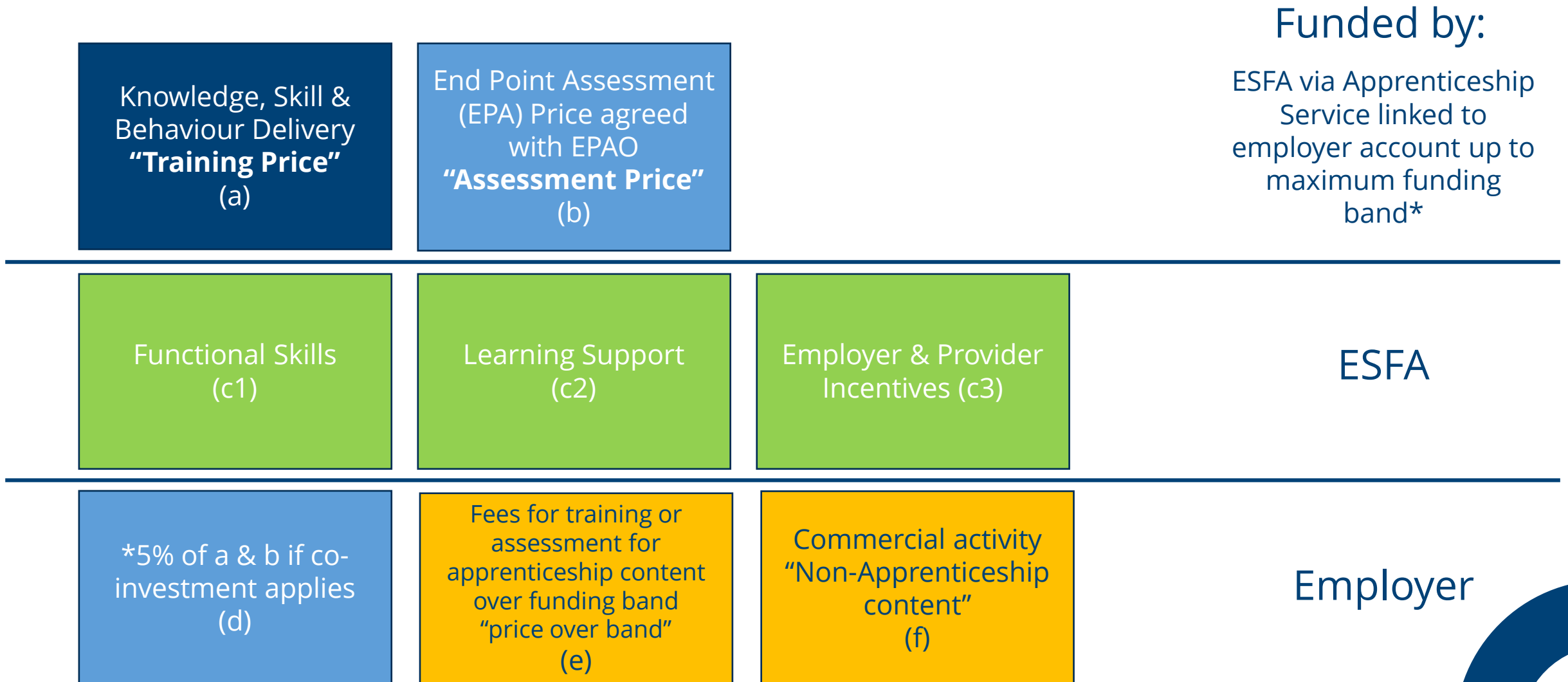
From band to funds

Fig 3. Price components



App Funding Principles – how it works (1)

Fig 4. Sources of Apprenticeship Revenue



App Funding Principles – how PRICE works (2)

Source of funds



- Government will contribute towards price based upon the status of the employer
- Any employer contribution is called “co-investment”
- If co-investment is not collected your funding for the remainder of the programme is at risk

Type of employer	Digital Account Status	Source of Funds	
		Up to maximum funding band	Beyond maximum funding band
Levy Paying Employer (and non-levy funded by transfer)	Employer with sufficient levy funds in account	Government 100%	Employer 100% of the excess
	Employer that exceeds their funds in account	Government 95% Employer 5%	
Non-levy paying employer	Any status	Government 95% Employer 5% (unless 16-18 y/o, or 19-24 with Education health care plan and employer has less than 50 employees then it is 100% government)	

Fig 5. Government contributions

Pricing Foundations

Understanding the basics

- Understanding training price and assessment price interaction is critically important
- Training price is where you apply margin (excluding to own employees)
- Prices that exceed the maximum band in any way require employer co-investment and should be clear in contract for services
- What if your costs increase? E.g. End Point assessment is more expensive than planned? Note you can only record assessment price when you have agreement for the price with the EPAO
- When recognition of prior learning occurs you reduce the maximum band, usually reducing your training price, there is a method that must be used as a minimum

Eligible Components in training price

Initial Assessment

Off the job training

Materials &
Consumables

Peripheral costs
including assessment

*Programme Governance,
Management and
administration*

Training Price Breakdown

DELIVERY TO EXTERNAL EMPLOYER

Example 1 – Simple Method

Category	Our Price
Initial Assessment	£950
Off the job training	£15,960
Materials and Consumables	£190
Peripheral costs including assessment	£950
Programme governance, management and administration	£950
	£19,000

- The breakdown here could be within a schedule within employer contract for services for a given apprenticeship standard*
- We would also recommend contract term explanation of how price for RPL would be amended*
- If you subcontract be aware of additional values necessary*

Typical price agreement

DELIVERY TO EXTERNAL EMPLOYER

Example 2 – Method with RPL

Price Breakdown
We are required to issue this to the employer as a requirement under the funding rules

Yellow fields are editable

Standard	Advanced Clinical Practitioner (integrated degree)	Original Funding Band	£ 12,000.00
Provider:	Provider A	Employer Status	levy payer
Name:	Mickey Mouse		
Employer:	Mouse House		
Date:	23/05/2023		
Eligible Costs			
Initial Assessment		£	550.00
Off the job training		£	8,800.00
Peripheral costs including progress reviews & on programme assessment		£	550.00
Consumables		£	-
Administration (Programme governance, Management & Administration		£	1,100.00
Original Training Price		£	11,000.00
Impact of prior learning			
Prior learning reduction applied to the above		£	-
Original hours			600
Revised hours after prior learning applied			600
Reduction in hours for prior learning			0
% of reduced programme			0.00%
Funding adjustment % (50%)			0.00%
Final Price			
Revised Training Price		£	11,000.00
Assessment (EPA price)		£	1,000.00
Total price for apprenticeship service		£	12,000.00
Co-investment on training (if non-levy, non small employer 16-18 yo)		£	-
Co-investment on assessment (if non-levy, non small employer 16-18 yo)		£	-
Additional fees outside of the apprenticeship		£	-

- This is a version for an individual apprentice that includes clarity of the impact of prior learning using the ESFA formula that uses hours removed from hours originally planned*
- It also contains improved clarity on co-investment values AND any additional fees outside of the apprenticeship*

Typical price agreement

DELIVERY TO EXTERNAL EMPLOYER

Example 3 – A module based method

Training Charges (non-mandatory qualification included)

Module Ref	Module	Off the job training price	Peripheral costs including Assessment
1	Principles of Leadership	£ 2,000	£ -
2	Developing agile and collaborative cultures	£ 2,000	
3	Management Theory	£ 2,000	
4	International Sustainability	£ 2,000	
5	Financial Management	£ 2,000	
6	Marketing	£ 2,000	
7	Change Management	£ 2,000	
8	Managing People	£ 2,000	
	Total Training & Assessment	£ 16,000	£ -

Programme Governance, Management & Administration	£ 2,000	
Materials and Consumables	£ 500	
Combined Training, assessment & consumables	£ 18,500	TNP1
End Point Assessment with CMI	£ 500	TNP2
Maximum Funding Band	£ 19,000	
Total Agreed Price under band (funded by apprenticeship service)	£ 19,000	
Total agreed over band (funded by employer)	£ -	
Additional components not required in the apprenticeship	£ -	

- This is a version that allocates a price to each module but uses eligible cost categories
- If RPL was applied here it would be at a module level though this could be a greater value than the ESFA minimum but is far easier to explain at point of sale

Establishing your price "understanding product cost & value"

Funding Principles – Price Models

Fig 6. Apprentice delivery models

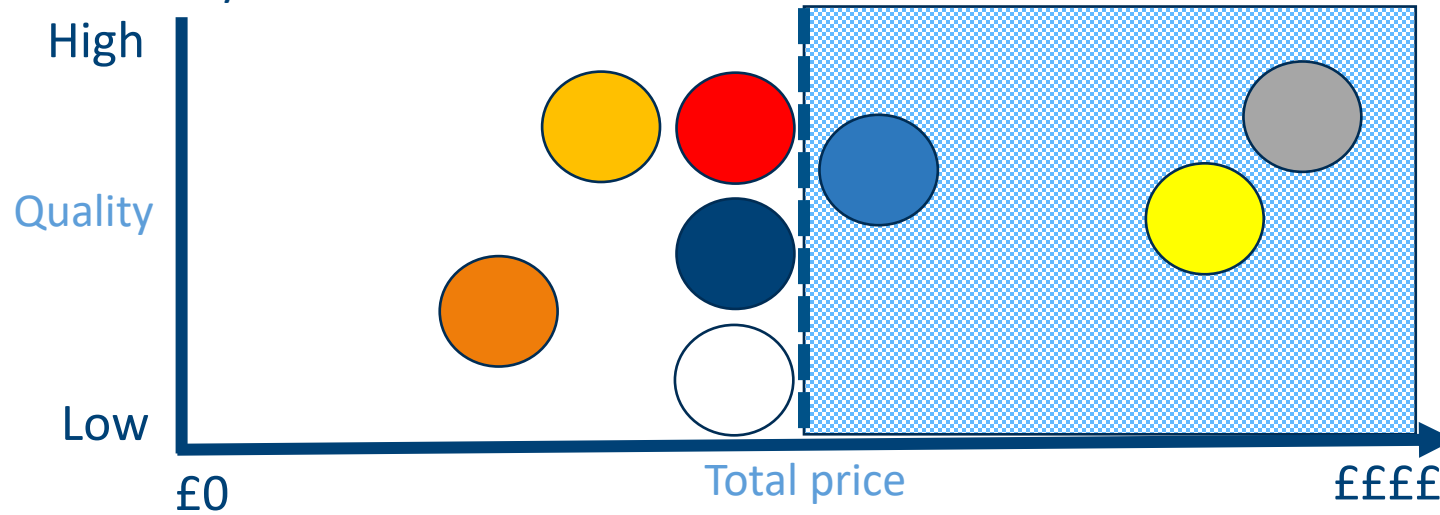
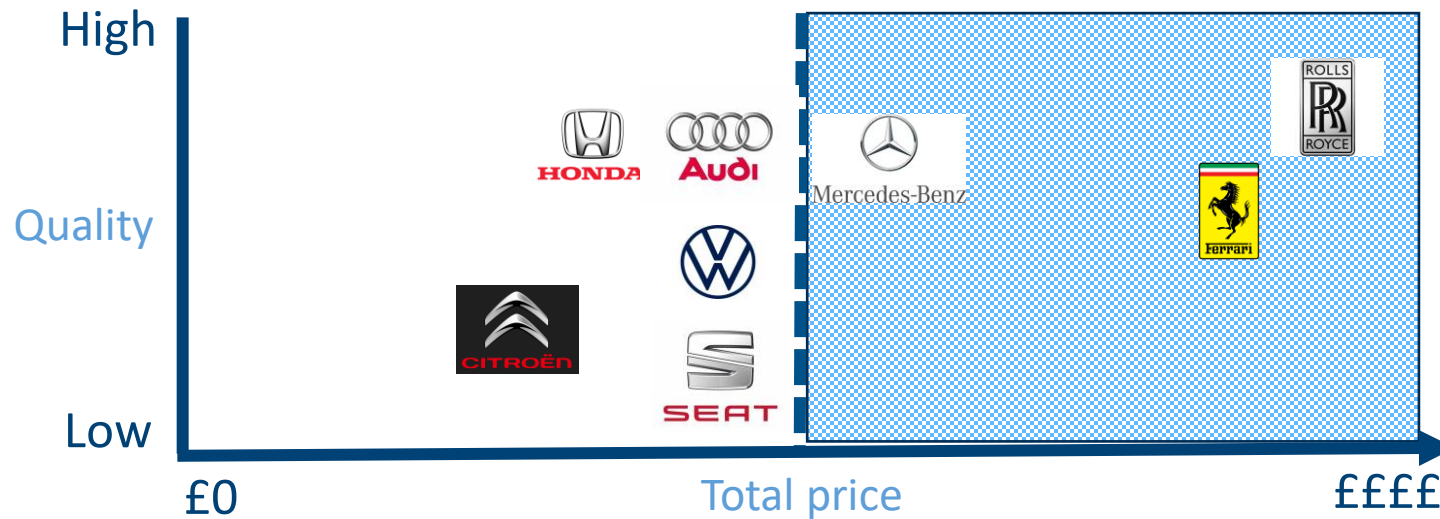
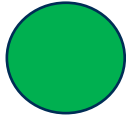





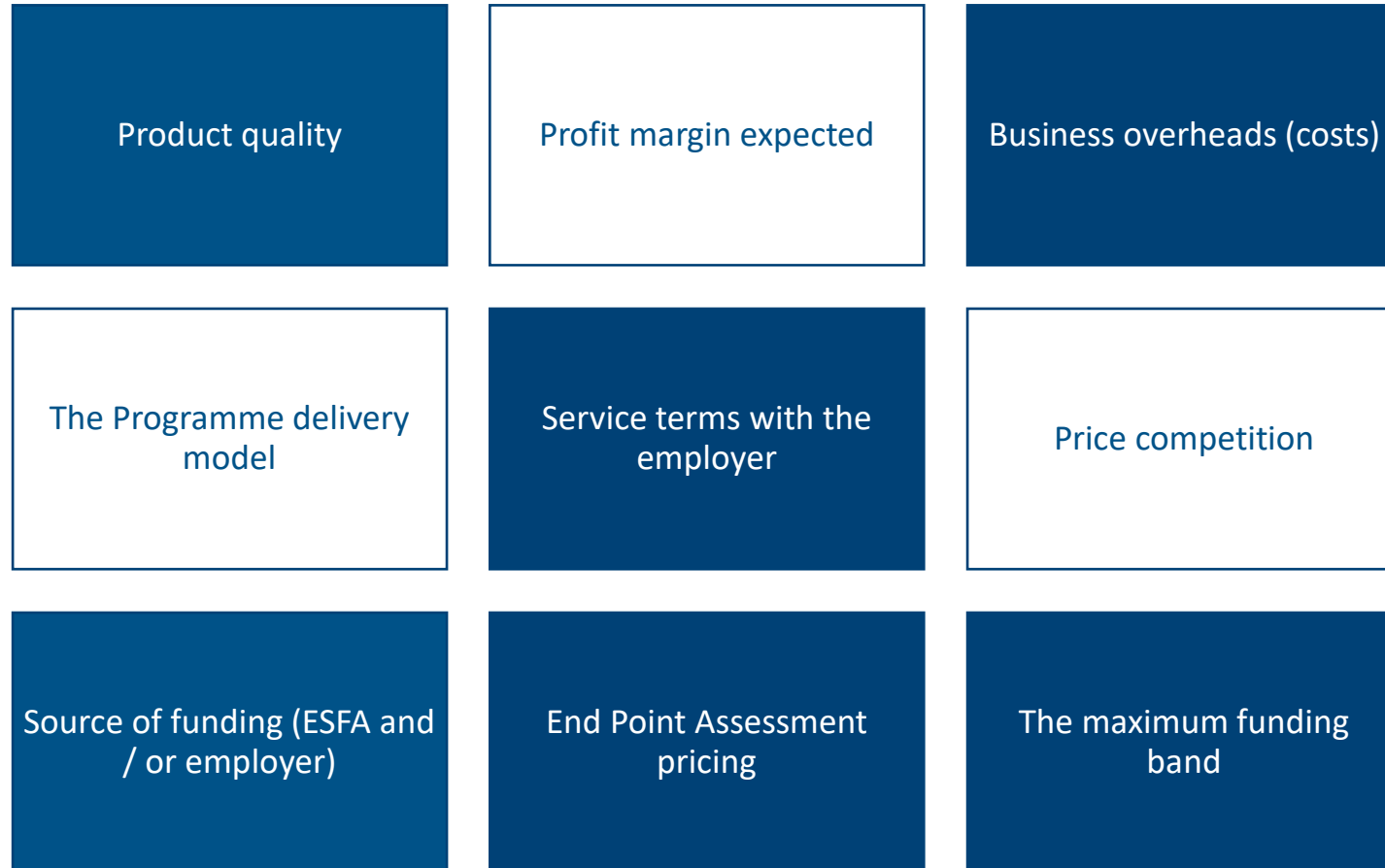
Fig 7. Apprentice delivery models example



- Key
-  Apprenticeship offer
 -  Maximum Funding Band for standard
 -  Employer funded
 -  ESFA funded

What should our training price be?

Where do you position yourself? – Key Variables



Understanding costs of delivery

Business overheads

- Staff costs
- Management costs (programme)
- Management costs (leadership)
- Buildings
- Utilities
- Machinery
- Capital items
- Legal costs

Revenue Expectations

- Income expectation
- Profit expectation

Delivery *model*

- Content (design)
- Duration (implementation)
- Delivery location
- Group size
- Client group capability
- Relationship management

Delivery *method*

- Trainer roles and salaries
- Learning management platforms
- Consumable resources
- Subcontractor costs
- Variable time bound elements
 - Session planning
 - Marking burden
- Learner management
- Quality Assurance

Understanding costs of delivery

Other delivery cost variables

- Delayed progression:
 - Re-sits of on programme activity
 - EPA Re-sit follow on training
 - Academic non-progression or slow progression
 - Re-sits
- Breaks in learning (knowledge lapse)
- Termination or redundancy

Ineligible costs (additional overheads)

- Mock EPA testing
- EPA support / coaching preparation
- Capital purchases
- Development of new offers
- Student membership fees
- Maths & English delivery cost above funding

- *Other cost factor variables should be considered and could be absorbed within surplus on eligible costs*
- *Ineligible costs cannot be charged directly to an employer within TNP1 or TNP2 but can be absorbed into the surplus on an eligible cost item*
- *The cost of all delivery model components needs to be understood when developing a cost model*
- *Be wary of items procured from external sources to not apply a profit margin on them (see 91.1)*

Understanding costs of delivery

Budgeting apprenticeship activities

Lectures	Lecture Planning	Tutorials	Tutorial Session Planning	Other classroom training	Other classroom Session Planning	Online livestreaming training	Online livestreaming planning
Workplace training sessions	Workplace training planning	Assignment & portfolio Marking	Supporting self-directed distance learning	EPA Preparation training	<i>Additional training by employer</i>	Student mentoring by your staff	Any other training by you
Conducting on-programme assessments face to face at employer	Conducting on-programme assessments by phone	Conducting on-programme assessments online	Conducting on-programme tri-partite review offsite	Conducting on-programme assessments face to face at provider	Conducting on-programme tri-partite review online	Other assessment costs	Registration for mandatory qualifications (exc licence to practice)
Certification for mandatory qualifications (exc Maths and English)	Apprenticeship administration (ILR management at start, on programme and exit)	Administration linked to EPA	Administration linked to training & assessment	ILR software (cost per head)	Learning Management System (Cost per head)	Maths / English Support software (Cost per head)	Other software used for delivery of the Apprenticeship
Other administration costs not covered elsewhere	Consumables used to deliver	Apprenticeship teaching resources not included above (paper, copying etc)	Calculated provider travel & subsistence costs	Calculated facilities use	Mandatory Apprenticeship residential costs	Apprenticeship Skills Competitions (Administration)	Apprenticeship Skills Competitions (Venue Hire)

Apprenticeship Skills Competitions (Resources)

Understanding costs of delivery

Budgeting apprenticeship activities – understand your model of delivery

- **Type of activity**
- Who is delivering?
- **What is their hourly cost?**
- What is the quantity of activity? Frequency, duration.
- **What is the volume of participants?**
- What are the consumables used in that activity?
- **Is it an eligible cost that can be charged directly? – categorise**
- Have we duplicated the cost?

Key and best practice with pricing

- Establish the cost price **and** training price operationally to understand margins that may be made
- Make the awareness of product cost and the two price components a key part of programme approval processes
- This must be a key part of process if delivering to own employees
- For all delivery the ESFA need to see you apply eligible costs for funding and do not charge for elements that are not fundable (ineligible costs)
- Lock in robust agreement with the EPAO as early as feasible to allow the recording of the assessment price
- Any changes in training or assessment prices must be agreed with employer
- Be cautious with items used and charged for from external sources (para 91 in funding rules)
- **Consider value of your model of delivery and think about what kind of car you actually deliver**
- **Look out for our upcoming pricing and costing series!**

Questions & Answers

Next steps

CPD for you and your teams

- Apprenticeship compliance for leaders
- Apprenticeship compliance for your role
- Apprenticeship pricing and costs
- ILR & data management for apprenticeships
- Claiming apprenticeship LSF with confidence

strategicdevelopmentnetwork.co.uk/sdnevents

Organisational support

- Set-up effective ESFA data, funding and compliance systems
- Mock audits - sample the quality of your data, reduce errors and avoid claw-back
- Establish evidence collection systems that helps to drive quality provision
- Design effective Skills Gap Analysis tools and practice

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Thank you for joining us today



Please get in touch with comments or questions or visit our website



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