

Apprenticeship Assurance Arrangements

AUDIT | TAX | CONSULTING

Hot Topics

- Eligibility – considering prior learning/skills/knowledge
- Negotiated Price – how ‘Initial Assessment’ effects price
- 20% Off the Job – we only have 45 minutes...
- What could be next?

Eligibility – evidence pack requirements (P285)

- 285.4.4 **skills gap analysis**, demonstrating the new skills needed by the individual and how the apprenticeship will address these
- 285.4.5 details of any **relevant experience and achievements**, both inside and outside their current working role

For a 16-18 new entrant we can be pragmatic in our approach, for older apprentices and those that have been in post for a period of time it's for the provider to demonstrate there is sufficient evidence to confirm eligibility

The recent OTJ guidance makes it clear when considering prior learning and eligibility:

48.1 Work experience (this is particularly important where the apprentice is an existing employee);

Do you have a robust assessment towards the results of skills scan?

Do you review the results with Apprentice and Employer?

Do you document your reasons why an Apprentice is eligible?

Eligibility to Negotiated Price

Initial Assessment – more than maths and English

ESFA does not mandate how a provider assesses or determines prior learning, just that **it must be done** and the findings taken account of. The relevant apprenticeship framework or standard should normally be used as the basis for initial assessment, i.e.:

- What is the goal and what is the apprentice trying to achieve?
- Where are they currently against this goal?
- How much of the content is new to them?
- Do they require significant and sustained new learning?

The ESFA does not mandate how prior learning should be recorded, only that the initial assessment must be documented in the evidence pack and summarised on the commitment statement. **Initial assessment is subject to audit checks and funds may be recovered where initial assessment has not taken place, has not been evidenced or a price reduction has not been made to reflect the prior learning.**

Negotiated Price

Initial Assessment – more than maths and English

Following on from eligibility the ESFA published new guidance in March 2019 regarding prior learning and negotiated price

- Recognition of prior learning extends beyond English, maths and existing qualifications;
- All the knowledge, skills and behaviours set out in the standard should be considered in reviewing the prior learning of the apprentice;
- Recognition of prior learning is part of the learner eligibility assessment;
- Apprenticeships could be poor value for money and unnecessarily long if training covers areas that the apprentice already knows, and public funding should not be used for learning which is not new;
- Initial assessment is vital to ensure high-quality apprenticeships and Ofsted inspections look for evidence of a robust initial assessment.

Negotiated Price

Initial Assessment – more than maths and English

The funding band of the apprenticeship is based on an apprentice requiring the full content of the apprenticeship, and in the case of standards this means all the listed knowledge, skills and behaviours.

100% of content = 100% of price

ESFA funding rules state that the apprenticeship content, duration and price must be reduced where the individual has relevant prior learning.

Prior learning must be factored into the price

Apprenticeship funding must not be used to pay for, or certify, the delivery of existing knowledge, skills and behaviours as this represents poor value for money.

There are audit checks to ensure a price reduction has been made to account for prior learning and the reduced training content required. To meet the ESFA funding rules, the training element within the apprenticeship must have a minimum duration of 12 months with at least 20% off-the-job training.

Negotiated Price

‘Why do I need to provide a breakdown?’

Any price agreed with an Employer can only be made up of eligible items as specified in paragraph P93 – if you don’t document we don’t know what’s in there

If you include elements from P97 then your agreed price is in error and will need to be amended

Evidence pack requirements P290.4 Details of the cost negotiated by the employer and main provider, and by details we mean that it should be clear that only eligible costs have been included in the price. .

What we are looking for is a breakdown of what makes up your price into the various elements e.g. training costs, material, registration with awarding body, certification etc. What we don’t ask for is a breakdown of your costs and we certainly will not be asking how much profit or contribution you make per Apprenticeship

Role of Employer

If you negotiate a reduced price with the employer as they are delivering some of the content this is not compliant with funding rule P195:

- You must not offset the negotiated price with the costs of any service provided by the employer. If the employer is legitimately delivering relevant training or an eligible cost supported by these rules then this must be included into the overall price. The cost of the apprenticeship must be transparent.

If a provider is reliant on the employer delivering some of the provision then the employer is a subcontractor and will need to be paid as such.

The total negotiated price will be the provider's price combined with the employer's cost

From 19/20 employers acting as subcontractors will have to be on RoATP

Where Employers are reinforcing content you have delivered this IS NOT considered subcontracting

19A-211 Negotiated price

Total negotiated price as proportion of funding band maximum (%)	Count of learners
> 150%	3
141% to 150%	0
131% to 140%	0
121% to 130%	0
111% to 120%	0
101% to 110%	0
100%	302
90% to 99%	13
80% to 89%	6
70% to 79%	1
60% to 69%	6
50% to 59%	1
< 50%	4

Those above 150% will be queried – is the employer willing to pay the actual value over the funding band maximum? Or is it a data input error?

Will this still be the norm after initial assessment?

Those below 50% will be queried – why is the price so low? Eligibility queries or data input error

19A-212 Negotiated prices and actual cost

Apprenticeship name	Programme type	Framework code	Apprenticeship pathway	Apprenticeship standard code	Total training price (TNP1)	Count of learners (own employees)	Count of learners (other employers)
Business Administrator	25			196	£5,000.00	1	4
Customer Service	2	488	1		£2,000.00	4	5
Customer Service Practitioner	25			122	£3,520.00	2	9
Team Leader/Supervisor	25			105	£4,240.00	1	0

The point of the report is identify your own Apprentices (LDM=356), where Employer Provider rules apply, and compare the TNP1 field to other employers you're working with on the same framework or standard.

Where the TNP1 is the same as the 'price' to the Employer, why is the value the same when you can only claim 'cost' under Employer Provider rules?

19A-213 Apprenticeship planned durations

Apprenticeship name	Programme type	Framework code	Apprenticeship pathway	Apprenticeship standard code	Total negotiated price	Up to 372 days	Greater than 372 days and up to 18 months	Greater than 18 months and up to 24 months	Greater than 24 months and up to 30 months	Greater than 30 months and up to 36 months	Greater than 36 months
Beauty Therapy Massage	2	422	3		£2,500.00	4	0	0	0	0	0
Business and Administration	3	490	1		£2,000.00	2	52	12	4	0	0
Decorative Finishing and Industrial Painting	3	522	1		£6,000.00	1	0	2	17	0	0
Horticulture	3	527	1		£2,000.00	1	2	13	0	1	0
Supporting Teaching and Learning in Schools	2	420	1		£2,500.00	1	2	0	0	0	0
Wood Occupations	2	522	2		£9,000.00	1	16	0	3	0	0

Key observation from auditors will be why is the same price for differing durations?

20% Off the Job

Assurance review question 3xi states:

The evidence pack must contain details of how the 20% off the job training will be **quantified** and **delivered**

As auditors we're looking for two components

20% Quantified i.e.
How much is 20%

20% Delivered i.e.
How it will be delivered

20% Off the Job

Version 6 clarified the rules for starts between 1 May 17 and 31 July 2018:

- Annual leave cannot be excluded – calculation of OTJ is based on 52 weeks
- Any start after the rules were clarified must be based on 52 weeks

For starts from 1 August 2018, statutory annual leave can now be deducted – 28 days only. Any additional annual leave over this cannot be excluded.

- Calculation is now based on 46.4 weeks

OTJ guidance published in March 2019 also offered this advice:

For starts in the period 1 May 2017 to 31 July 2018 (prior to the annual leave rule change) if the deduction of annual leave is the sole reason why there is non-compliance against the off-the-job training policy (i.e. annual leave has been deducted before this deduction was part of the policy) then **this will not be considered a funding error.**

Audit will probably still treat it as a controls/compliance error and report accordingly

20% Off the Job

- Can you clearly evidence participation and progress against OTJ requirement
- Withdrawals – can you evidence how much of the 20% OTJ has been completed up to the point of withdrawal and is it inline with plan?
- Some activity will not be considered as OTJ – evidence of work based activity linked to the standard or repeated activity still being claimed as OTJ e.g. how many cars does an Apprentice need to wash before the activity doesn't count?
- Language used in recording activity – 'I was trained in...' changes to 'I did XXX and was checked by XXX' – how much of the latter is on the job but still claimed as off the job
- Misclassification of activity – maths and English being flagged as OTJ
- Functional Skills ICT where required as part of the framework or standard can contribute to 20% OTJ

Common errors at funding assurance review

- 20% not calculated or calculated incorrectly
- 20% requirement not documented
- Delivery model is insufficient - going into the workplace twice a month for three hours at a time won't reach 20%, nor will day release at the provider
- No plan to work with employers to confirm how evidence will be collated to support their contribution to the 20% requirement – does the activity relate to the framework/standard or is it employer specific?
- Poor record keeping on progress against 20% requirement or counting repeated activity as OTJ
- Claiming maths and English as OTJ
- Not claiming functional skills ICT as OTJ

20% Off the Job

20% means 20%

- We have tested achievements and are actively looking for 20% OTJ over the duration of the Apprenticeship
- Where an Apprentice has achieved and has not completed 20% they will be deemed ineligible subject to para 66 of additional guidance
- Funding will be recovered

Ensure checks are implemented to confirm 20% has been completed before putting an Apprentice forward for Gateway or a Framework certificate claim

Commitment Statements

The Commitment statement is a key document for the process and a range of issues were identified

- Non compliance with requirements of what needs to be included in the Commitment Statement – see full list at paragraphs 44.1 to 44.9 of 18/19 funding rules

Key omission we've noted this year:

- The process for resolving any queries or complaints regarding the apprenticeship, including quality. This must include details of the escalation route within the main provider's own organisation and the escalation process to the ESFA through the apprenticeship helpdesk (on 08000 150400 or email nationalhelpdesk@apprenticeships.gov.uk).

This is not included in the template issued by the ESFA

- Commitment statements not signed either prior to or on start date

The Apprenticeship Agreement cannot be included within the commitment statement as it serves a different purpose and is an extension of the contract of employment guaranteeing certain rights as an Apprentice

OTJ guidance also states:

- **77 The ESFA will not fund an apprenticeship unless there is a valid apprenticeship agreement in place.**

Around the corner...

Based on recent events it's likely the assurance arrangements will have a 'few tweaks' to reflect current concerns:

- Timely recording of withdrawals – in the year they left
- Apprentices in learning beyond planned end date – clear evidence of still being supported
- Breaks in learning
- Any other activity that may be considered 'data gaming'

Plus amendments for 19/20 ILR returns including changes to planned end dates and recording planned OTJ hours in the ILR

QUESTIONS AND ANSWERS?



Come and visit us at
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information

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