

# Negotiated price and staying the right side of audit

Nick Linford

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AELP Annual Conference

# Eligible and ineligible costs

Best practice is to list eligible costs as part of a price - how else can an auditor test funds are “used for funding evidenced eligible costs and activities within the agreed price”

Did you know these were ineligible?

- > Enrolment, induction, prior assessment initial diagnostic testing
- > Membership fees even where linked to mandatory qualifications
- > End-point assessment costs not included in price between employer and EPA org



Common findings from funding assurance work on post-16 funding

https://www.gov.uk/government/publications/esfa-assurance-work-on-post-16-funding/common...

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Education & Skills Funding Agency

Guidance

# Common findings from funding assurance work on post-16 providers and institutions

Published 11 June 2019

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- Summary
- 16 to 19 study programme (including high needs)
- Apprenticeships
- Adult education budget (AEB)
- Advanced Learner Loans
- European Social Funding (ESF) match funding
- Generic issues
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## Summary

### About this report

The Education and Skills Funding Agency's (ESFA's) Provider Market Oversight Assurance Team (PMOA) perform an annual programme of assurance work on post-16 funding claimed by providers. This report provides details of common issues identified during assurance visits on the following programmes:

- 16 to 19 study programmes
- apprenticeships
- adult education budget (AEB)
- Advanced Learner Loans

Published 11 June 2019

“For new starts, the provider must retain evidence to confirm how the total negotiated price is calculated for each learner and it must be clear that only eligible costs have been included.

“In some cases, the negotiated price recorded on the ILR includes elements that are not eligible for funding.”

# Accounting for prior learning

“You must account for prior learning when negotiating a price with the employer. You must reduce the content, duration and price, where the individual has prior learning necessary to achieve occupational competence.”

“You must include a thorough appraisal of the apprentice’s existing knowledge, skills and behaviours against those required to achieve occupational competence. Where applicable, you must include in your appraisal any knowledge, skills and behaviours gained from the following:

- > work experience, particularly where the apprentice is an existing employee;
- > prior education or training and associated qualifications in a related sector subject area

“The initial assessment must be documented in the evidence pack.”

## Apprenticeship funding rules for training providers

August 2018 to July 2019

### Version 2

This document sets out the funding rules for all training providers delivering apprenticeships from 1 August 2018 to 31 July 2019.

[View other apprenticeship funding rules](#)

### March 2019

Of interest to colleges, training providers, higher education institutions and employers delivering training to staff outside of their organisation.



The screenshot shows a web browser window with the URL <https://www.gov.uk/government/publications/apprenticeships-recognition-of-prior-learning/apprenticeship...>. The GOV.UK logo is at the top left, and a search bar is at the top right. Below the header, the breadcrumb trail reads: Home > Apprenticeships: recognition of prior learning. The main content area has a blue header with the text 'Guidance' and 'Apprenticeships: initial assessment to recognise prior learning', published 11 March 2019. On the left, a 'Contents' section lists three items: '1. What is an initial assessment?', '2. Why is initial assessment important?', and '3. How does initial'. The main text area begins with 'The purpose of this guidance is to inform training providers, employers and apprentices about the need for, and importance of, initial assessment (IA) and recognition of prior learning (PL) - specifically:'.

Apprenticeships: initial assessment

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Guidance

# Apprenticeships: initial assessment to recognise prior learning

Published 11 March 2019

Contents

1. What is an initial assessment?
2. Why is initial assessment important?
3. How does initial

The purpose of this guidance is to inform training providers, employers and apprentices about the need for, and importance of, initial assessment (IA) and recognition of prior learning (PL) - specifically:

# Initial assessment in evidence pack?

“The content, duration and price of the apprenticeship must be reduced to reflect relevant prior learning. The provider must document prior learning in the apprentice’s evidence pack and commitment statement.

“Please note that initial assessments are 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.”

Common findings from funding assurance work on post-16 providers and institutions

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Published 11 June 2019

“The main issue causing funding errors in this area for both carry-in apprenticeships and new starts relates to providers claiming funding without taking into account the learners’ prior learning including prior qualifications for apprenticeships.

For new starts, this would require a reduction to the total negotiated price recorded on the ILR.”

# Employer provider costs (not price)

“Must evidence how all costs are calculated (this is for transparency and to ensure value for money - in the case of a main provider and a separate employer there is a negotiation of costs; this cannot be achieved when the employer and main provider are the same entity).”

“Can include payroll, pay slips, expense claims, hourly pay rates for staff delivering training, and assessment to apprentices and training plans that include the hours of training delivered.”

“Where the employer is the delivery subcontractor they must only be paid the actual costs of delivery. Employers must not profit from apprenticeship delivery to their own employees.”

## Apprenticeship funding rules for employer-providers

August 2018 to July 2019

Version 2

This document sets out the funding rules which will apply to all employer- providers following the introduction of the apprenticeship levy.

[View other apprenticeship funding rules](#)

March 2019

Of interest to employer-providers

# Use the ESFA audit software (PDSAT) before an auditor

PDSAT Report 19A-211 “Allows analysis of negotiated prices to check for disproportionately high numbers of apprenticeships at or above their respective funding band maximum.”

Total negotiated price as proportion of funding band maximum (%)	Count of learners
> 150%	5
141% to 150%	4
131% to 140%	5
121% to 130%	1
111% to 120%	3
101% to 110%	2
100%	2,276
90% to 99%	129
80% to 89%	118
70% to 79%	16
60% to 69%	11
50% to 59%	10
< 50%	10



# Use the ESFA audit software (PDSAT) before an auditor

## PDSAT Report 19A-213 Apprenticeship price and start count by duration bands

“Where providers deliver the same apprenticeship programme at the same price, similar planned durations would be expected. Providers should be able to justify any wide variations in planned durations for delivery of the same apprenticeship programmes.”

Apprenticeship name	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
Hair Professional	£9,000.00	6	34	26	57	0	0

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