

# Performance Management Framework 2023/24

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## 1. Governance

- 1.1** The Governance structure and decision-making process for Adult Education Budget (AEB) funding is compliant with the West Yorkshire Combined Authority Assurance Framework and the AEB Strategy. The Strategic level governance of AEB will be the Combined Authority, with advisory support by the Employment and Skills Committee (a member led advisory panel). The West Yorkshire Combined Authority is the accountable body responsible for commissioning devolved AEB provision. Regular updates will be provided to the public meetings of the West Yorkshire Combined Authority and to the Leeds City Region Partnership (LEP).
- 1.2** The West Yorkshire Combined Authority will ensure that the funding is directed to the identified areas of need and skills gaps. The successful devolution of AEB funding will require extensive stakeholder and Local Authority engagement. The Combined Authority will engage with each Local Authority (or equivalent) and Officers, to identify need and gaps in skills provision in their communities. This information will be used to acquire appropriate levels of provision to respond to local need.
- 1.3** The AEB Partnership Groups will be used to bring together delivery partners and stakeholders to review performance against Delivery Plans and provide insight/advice to the West Yorkshire Combined Authority on where, what and when provision might be needed. Discussions in these groups will feed into the Local Authority Employment and Skills Boards and the Combined Authority's AEB Performance Group.
- 1.4** The management of the Free Courses for Jobs delegated fund (formerly National Skills Fund Level 3 Offer) will be managed in line with the AEB Governance Process, Performance Management Framework and Funding Rules.

## 2. Performance and Partnership

- 2.1** The West Yorkshire Combined Authority are committed to support the delivery and successful performance of AEB. Provider management and support will be conducted by the AEB Manager and other Combined Authority officers as appropriate.
- 2.2** This document provides performance management guidance for Contracts for Services, and Grant-funded providers in receipt of devolved West Yorkshire Combined Authority AEB funding for provision starting 1st August 2023. This document should be read alongside providers' Contract or Grant Agreement, the West Yorkshire Combined Authority's detailed Funding and Performance Management Rules, the ESFA Individualised Learner Record (ILR) specification and [Provider Support Manual](https://guidance.submitlearnerdatabeta.fasst.org.uk/psm) <https://guidance.submitlearnerdatabeta.fasst.org.uk/psm> and any other relevant sources referred to in those documents.
- 2.3** The West Yorkshire Combined Authority will hold its providers to account through a risk-based performance management framework. The Combined Authority will work collaboratively with its providers and aims to enable all West Yorkshire residents to gain the skills required to improve their life opportunities, be able to take up high quality employment and/or start in enterprise, both of which are central to an inclusive economic recovery. Through the agreement of delivery plans and ongoing provider

management, the Combined Authority will begin better aligning AEB provision to current and future regional labour market needs.

- 2.4** We want to develop new relationships and new ways of working, with both our Grant providers and those who have secured a contract. We know that you recognise the importance of collaborative partnership working, understand our focus on place and can deliver high quality provision that will support our ambitions: an inclusive, resilient, sustainable economy with more productive businesses, better levels of skills and entrepreneurialism, less inequality, and better environmental sustainability.
- 2.5** The West Yorkshire Combined Authority will continue to work with its providers in-year to identify ways of focussing AEB to improve it's impact and ensure training delivery is directly aligned to our AEB Strategy. This guidance will be updated to reflect any changes and will be reviewed before July 2024. Providers are advised to check on the West Yorkshire Combined Authority website to ensure that they are using the most up-to-date version of this guidance.
- 2.6** The West Yorkshire Combined Authority is taking a risk-based approach to its performance management, allowing capability to move money around in-year in response to performance and need. Alongside the regular performance management reviews, we expect all providers to identify when they are not meeting profiled delivery or when they are experiencing higher demand so we can consider whether it is appropriate to re-distribute funding in-year.
- 2.7** The West Yorkshire Combined Authority will achieve consistency of service across providers through:
- Contract review meetings
  - Monthly analysis of occupancy reports against profiled delivery, based on ILR submission data
  - This performance management framework
  - Documented funding rules and agreements
  - Supporting providers in programme delivery and performance, including development of peer networks
  - Regular quality and compliance audits

### **Agreement Types**

- 2.8** We have commissioned AEB provision through three routes as stated in the West Yorkshire AEB Strategy:
- Route 1: Grant allocation for West Yorkshire local authorities and FE colleges;
  - Route 2: Grant allocations for Leeds City Region providers who were previously grant funded by ESFA
  - Route 3: Contracts awarded through a procurement exercise.
- 2.9** The principles of how we want to work with you will be the same – open, transparent and in partnership underpinned by an agreed 12-month delivery plan. There are some technical and process differences in how we apply our performance management framework. This reflects the different regulatory frameworks providers operate under, but the robustness of the approaches is consistent.

## Grant Funded Providers (Route 1 & 2)

- 2.10** The West Yorkshire Combined Authority has agreed a delivery plan and financial forecast with you, and this will be the key document against which you will be performance managed. Any provider who has not submitted an organisational financial forecast will be performance managed against the National Profile.
- 2.11** The West Yorkshire Combined Authority has awarded Grant Agreements initially lasting for one year (1 August 2023 to 31 July 2024), with a commitment to fund future years (allocation dependent from Department for Education [DfE]) with an annually updated delivery plan.
- 2.12** Where there is under-performance, we reserve the right to rebase providers in-year or in subsequent years. Where providers have identified and worked with us to manage this under-performance, we will discuss any requirement for re-basing. Where providers do not declare under-performance in advance, the West Yorkshire Combined Authority reserves the right to rebase allocations automatically.
- 2.13** We will hold formal performance management meetings, subject to performance and risk rating. These will focus on how providers are progressing in achieving the activity set out in the delivery plan and the timeliness and accuracy of the data being provided to the ESFA.
- 2.14** We will pay providers operating under a grant agreement, on a standard profile shown below and agreed as part of your delivery plan.
- 2.15** A tolerance of 3% will apply to Grant funded providers (Route 1 and Route 2) at end of year reconciliation. If you choose to deliver provisions which exceed the value of your Grant, the West Yorkshire Combined Authority is not required to fund any over delivery.
- 2.16** Grant Providers are required to submit ILR data and Earnings Adjustment Statement data via the ESFA. The first return is R01 and this will contain new starts from 1 Aug 2023 and should be submitted in-line with the 2023/24 ESFA ILR specification, then in line with your Grant Agreement. This information will be used to inform the risk-based performance management of your organisation.

## Financial Intervention Regime for FE Colleges

- 2.17** To be successful, colleges need to be well managed and financially resilient. While the West Yorkshire Combined Authority will be performance-managing its FE colleges in relation to delivery of AEB, the ESFA and DfE will continue to fund and monitor FE colleges nationally.
- 2.18** If the ESFA and/or the West Yorkshire Combined Authority has evidence of risk or underperformance or non-compliance with funding requirements, they will work together to intervene in proportion to the seriousness of the issues and the college's context and circumstances. The West Yorkshire Combined Authority will be working

with the DfE territorial teams and would be part of any review team, whether that is early intervention or working with the FE Commissioner. This approach will reduce the need for any separate review to be undertaken. The ESFA, DfE and West Yorkshire Combined Authority will be looking to ensure that any action taken:

- is in the interests of learners
- protects public money
- achieves resolution of financial or quality concerns at pace

### **Contracts for Service Providers (Route 3)**

- 2.19** Contracts will initially last for one year (1 August 2023 to 31 July 2024), with an option to extend for a further two years subject to an annually agreed delivery plan and agreed contract volumes/outcomes.
- 2.20** As part of awarding a contract, the West Yorkshire Combined Authority will agree a delivery plan and financial forecast.
- 2.21** All Contract for service providers will be paid on actual delivery a month in arrears.
- 2.22** We will hold performance management meetings, subject to performance and risk rating. These will focus on how providers are progressing in achieving the activity set out in the delivery plan and the timeliness and accuracy of the data being provided to the ESFA.
- 2.23** Contract for service providers are expected to utilise 100% of the funding, if this cannot be achieved then the West Yorkshire Combined Authority can re-profile allocations and redistribute the funding. If you choose to deliver provisions which exceed the value of your contract the West Yorkshire Combined Authority is not required to fund any over delivery.
- 2.24** Contract for service Providers are required to submit ILR data and Earnings Adjustment Statement data via the ESFA on a monthly basis. The first return is R01 and this will contain new starts from 1 Aug 2023 and should be submitted in-line with the 2023/24 ESFA ILR specification, then in line with your Contract. This information will be used to support your payments and inform the risk-based performance management of your organisation.

### **Financial Due Diligence**

- 2.25** Post contract award, but in advance of contract start date, the West Yorkshire Combined Authority will undertake a financial due diligence review for all providers. The West Yorkshire Combined Authority does not intend to publish the results of its internal financial due diligence but will review the latest 3 years financial information (provided by you). Annual reviews will inform the approach that will be taken in relation to payment and performance management for the 2023/2024 funding year.

**2.26** The financial due diligence RAG rating, alongside a set of other information e.g., Ofsted rating, value of contract/grant quality and timeliness of data submission, will inform an overall risk rating and inform both how often a financial review (desk based) will be undertaken and how many performance/compliance reviews will take place.

**2.27** The Financial RAG Ratings are:

**Green:** A formal financial review will take place a minimum of once during the year. Providers will be subject to four formal performance reviews as well as contract compliance visits each year and required to demonstrate the action providers are taking to maintain this risk banding.

**Amber:** A formal financial review will take place a minimum of twice during the year. Providers will be subject to four formal performance reviews as well as contract compliance visits each year and required to demonstrate the action providers are taking to improve this risk banding.

**Red:** A formal financial compliance review will take place bi-monthly where the provider will be required to demonstrate the action it is taking to improve its financial position. Providers will be subject to a minimum of six formal performance reviews and monthly compliance visits and required to demonstrate the action providers are taking to improve this risk banding.

**2.28** If the provider disagrees with the financial risk rating, providers can provide additional information to support a review. This may include, but is not limited to, a robust forecast for the current financial year, a letter of assurance from the auditors to be paid for by the provider (not from AEB).

### 3. Performance Management

#### Performance Management Principles

- 3.1** The performance management principles will apply across all providers. Although the process of making payments to providers will differ depending on whether the provider holds a Grant Agreement or Contract, our approach to performance management will be the same across all providers.
- 3.2** The West Yorkshire Combined Authority Grant Agreements and Contracts for Services remain separate with different payment arrangements. If you hold both you cannot wire funds between the two. You cannot wire funds between your West Yorkshire Combined Authority AEB and any other funding streams you receive, but you can use other funding streams to complement AEB if that improves the chances of the resident progressing.

#### Over Performance

- 3.3** A growth request will be considered on consultation with the provider against a number of factors including:



- a) provider's outputs and results are cumulatively above contracted targets
- b) Risk rating is green as determined in 7.3
- c) the provider has further capacity; and
- d) the West Yorkshire Combined Authority is in a position to increase targets and contract value for an area of work.

**3.4** The procedure for this was recommended at the Employment and Skills Committee and approved in February 2022.

**3.5** At key performance points, providers may be able to present a detailed business case for contract growth providing a range of criteria are met, including:

- a) They are at or above 95% of their financial delivery profile
- b) Delivery is in line with their delivery profile in terms of learner numbers, sector and geographical areas
- c) Deliverer has adhered to the AEB key values and behaviours
- d) Delivery focuses on AEB entitlements and/or key strategic needs
- e) Detailed evidence of existing demand which includes community and/or employer links
- f) Detail of planned progression into further learning and/or employment

**3.6** Growth requests will be prioritised against strategic need, and in the Local Area geographies with low uptake.

**3.7** A sliding scale for contract growth will ensure that growth allocations are both viable and proportionate.

**3.8** Growth requests will be accepted initially at R04, and repeated at R07 where funding permits, based on reallocation of funds.

**3.9** Growth requests for Community Learning will not be accepted until after the Community Learning Review has taken place to inform decisions in an evidenced based manner.

**3.10** Please note any over performance is delivered at the providers risk, and no guarantees of any increase of funding can be made. The AEB devolved funding is a finite allocation.

## Underperformance

- 3.11** If any provider's delivery is cumulatively below profile, including timely achievements, after two consecutive months they will be highlighted on the programme risk register.
- 3.12** Underperformance will be addressed and allow reallocation of funding to successfully performing providers. Formal assessment against profile will occur at the following monitoring points:

Return	R04	R06	R08	R10	R12
Tolerance to provider forecast	85%	90%	95%	95%	97%

- 3.13** The sliding scale tapers towards year-end, supporting providers who need time to gain momentum. The scale will be applied to provider financial forecasts, although significant variance to ESFA national profile will be highlighted.
- 3.14** Underperformance will be managed through the four-stage process outlined in Section 7.
- 3.15** If the final resolution of performance management is to reduce the contract value, the percentage of underperformance against provider profile will be applied to contract value – although consideration of performance improvement and a 'de minimums' regarding reduction value will be considered in each case.
- 3.16** Providers will be able to request reduction to contract at any point within the year.

## Performance Management Approach

- 3.17** The West Yorkshire Combined Authority will have a minimum of four performance monitoring reviews during the year, which will be used to review the overall position of the West Yorkshire Combined Authority's AEB funding in terms of expenditure and delivery. There will be contract compliance visits in addition to this.

Performance Monitoring Reviews will take place:

Progress & Monitoring Review 1	December 2023 (R04 data return)
Progress & Monitoring Review 2	February 2023 (R06 data return)
Progress & Monitoring Review 3	August 2024 (R10 data return)
Final Performance & Monitoring Review 4	November 2024 (R14 data return)

- 3.18** There will be a Performance and Funding Report, which sets out performance to date, forecast to the end of the funding year, along with details of any existing or potential issues/risks relating to under/over performance in terms of spend or delivery. This report will provide both qualitative and quantitative information and will be shared with you in advance of a review.



- 3.19** If at the monitoring reviews set out above, the West Yorkshire Combined Authority have evidence that you will not deliver in full, it reserves the right to reduce the funding to a level that is in line with your actual in-year delivery. Any funds will then be reallocated to other providers who have the capacity to deliver additional activity. The process for allocating additional funding is outlined in paragraphs 36 – 43.
- 3.20** The West Yorkshire Combined Authority also retain the right to run further mini competitions should additional funding become available.
- 3.21** The West Yorkshire Combined Authority will use its performance and compliance approaches to see how you are progressing against your delivery plan. Should you fail to meet the requirements and obligations arising from your Grant Agreement or Contract, the West Yorkshire Combined Authority will take appropriate informal / formal action against you as required. There are four stages to the process.
- a) Level 1: Routine
  - b) Level 2: Informal (Initial Provider Improvement Notice - PIN)
  - c) Level 3: Escalation
  - d) Level 4: Formal action (Formal Performance Improvement Notice - PIN)

The process is outlined in full at Section 7.

### **Subcontracting and Consortia**

- 3.22** As part of agreeing a provider's delivery plan and in advance of Contract/Grant start date, you will have provided information on the use of subcontractors through a subcontractor declaration. If in-year, any changes need to be made to those initial subcontractors these need to be approved by the West Yorkshire Combined Authority through a business case prior to any new learners starting with the subcontractor. We understand that the mix and balance of the provision you plan to deliver could change and there may be cases where you want to take on a new delivery partner in year. We would expect to see a clear strategic rationale for this decision. We would want to understand particularly how this provision would enhance the offer to residents and see alignment to the WY AEB Strategy priorities.
- 3.23** The responsibility for the provision delivered by your subcontractors remains with you as the lead provider. We expect high quality contracting and performance management to be performed by you for all subcontractors and their provision.
- 3.24** Management fees must not exceed 20%.

## **4. Data**

### **Data Submissions**

- 4.1** As a provider you must have the capacity and capability for accurate data and evidence collection, management and reporting and you must be able to comply with both the

Authority's and the ESFA's data submission requirements, including, but not limited to, the Individualised Learner Record (ILR), Earnings Adjustment Statement (EAS) and all associated evidence, with prompt recording of changes to learner data e.g. withdrawals from learning.

- 4.2** Providers must ensure that all documentation relating to the enrolment of West Yorkshire residents, and the record of learning activity is completed accurately. ILR data submitted for West Yorkshire Combined Authority residents will continue to be submitted to the ESFA through the "Submit Learner Data" facility provided by the ESFA. ILR files will be validated at the point of transmission against both definitions and validation rules. If any data fails the validation checks, then the learner record and all associated records for that learner will be rejected. Rejected records are not loaded into the national ILR database and so do not generate funding; these records are reported on the rule violation report. This will ensure that the data received by the West Yorkshire Combined Authority is accurate and complete as it will be used as the basis for the payments you will receive.
- 4.3** As part of our assurance work, the West Yorkshire Combined Authority will be monitoring the data providers submit to the ESFA from the individualised learner record (ILR) and the Earnings Adjustment Statement (EAS). The West Yorkshire Combined Authority will carry out regular desktop reviews of how the national funding system and the Authority's funding rules are being applied, allowing us to identify possible errors in the devolved AEB funding claimed for West Yorkshire residents by providers, which might require further investigation. To provide further assurance, the West Yorkshire Combined Authority will use the services of the ESFA, our Internal Audit and Data Analyst function and/or other appointed suppliers to undertake field-based activity as part of our annual assurance programme of work.
- 4.4** In addition, the West Yorkshire Combined Authority will expect providers to regularly review their software systems and processes to check for data accuracy. For 2023/24 providers will continue to be able to access the ESFA systems, these are: the funding information system (FIS); the Submit Learner Data facility; Individual Learner Record Reports; and the provider data self-assessment toolkit (PDSAT); Funding and Monitoring Reports.

### **Individualised Learner Record (ILR)**

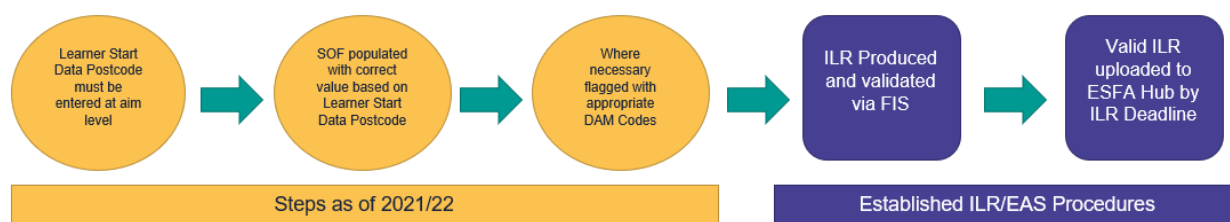
- 4.5** All providers delivering AEB provision to West Yorkshire Combined Authority residents will be required to complete the Individualised Learner Record in the 2023/24 academic year. The ESFA will continue to gather ILR data via its national data system. Providers **must** upload their ILR data via the ESFA facility and **cannot** submit the data directly to the West Yorkshire Combined Authority.
- 4.6** Providers should refer to the [ILR technical documents, guidance and requirements](#) to assist them with submitting the data correctly and in the format required by the ESFA. The ESFA will validate this data in line with their validation rules prior to it being forwarded to the West Yorkshire Combined Authority. If the details for the learner do not pass the ESFA validation, the data will not be received by the West Yorkshire Combined Authority and will not generate funding. Further guidance can also be found

in the ESFA <https://guidance.submitlearnerdatabeta.fasst.org.uk/psm> Provider Support Manual 21/22

- 4.7** The Learning Start Date Postcode is an important field and should record the postcode of the learner when starting a learning aim, establishing that the learner has a West Yorkshire Combined Authority postcode. For more information about postcodes, including a postcode look-up tool to help you determine which funding body is responsible for any given postcode, please refer to the [AEB devolution postcode dataset](#).
- 4.8** There are two changes which have been made to the to deal with devolved provision:
- a)** New Source of Funding code (SOF) - to enable providers to identify the Delivery of activity through the Grant/Contract supporting West Yorkshire Combined Authority residents, the code for West Yorkshire Combined Authority is SOF 119.
  - b)** A set of Devolved Area Monitoring (DAM) fields – these are a type of learning delivery funding and monitoring field. Each aim can be flagged with up to six DAM codes but in most instances one DAM code will be required. This information will be published to providers in receipt of AEB shortly.
- 4.9** The purpose of the DAM codes is to flag learning aims that need to be monitored as part of new flexibility or to identify elements that are being funded via the EAS e.g., learning aims associated with “local flexibilities” will be identified by specific DAM codes. The detail of what providers need to provide will be dependent upon any future local flexibilities approved by the West Yorkshire Combined Authority.
- 4.10** The funding for a resident in some Lots will not be generated directly within the ILR but through the EAS report. Where this is the case, the provider will be required to submit the learner data in the ILR, with an appropriate DAM code, as well as populating the funding claim in the EAS according to the funding generated by that individual learner which can't be claimed via the ILR. The West Yorkshire Combined Authority will fund provision using the details of learner and funding on both the ILR and EAS respectively. The Combined Authority will make clear within individual contract schedules where this is the case.

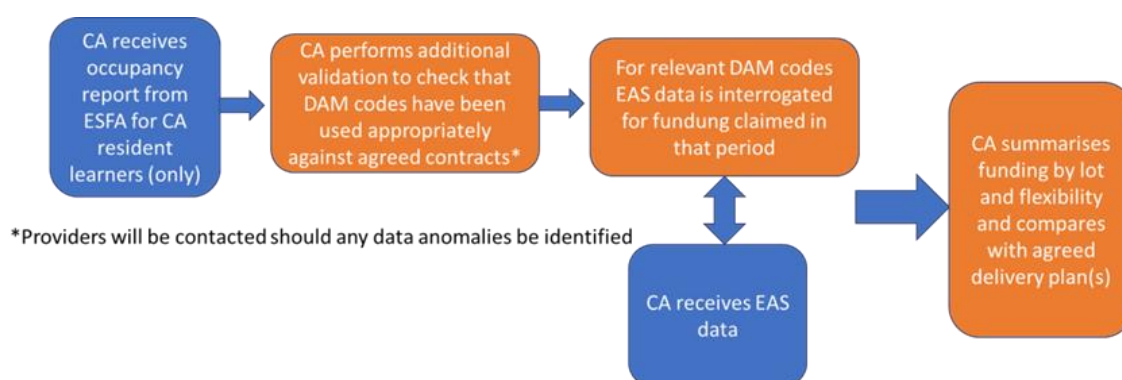
### Provider ILR Requirements

- 4.11** The diagram below sets out the additional step's providers need to complete when preparing the ILR data for 2023/24.



- 4.12** Data recorded on the ILR return will continue to be used to calculate funding earned by providers and will enable the West Yorkshire Combined Authority, as part of its performance management arrangements, to compare actual volumes and earnings against the delivery plan agreed as part of providers' Contract/Grant agreement. The data gathered through the ILR will enable the ESFA to generate occupancy reports for both providers and the West Yorkshire Combined Authority. These will confirm that the learning aim is valid, run the funding calculation and confirm the actual funding earned. It will also be used to monitor progress against payment profiles.

### Data Validation Undertaken by the West Yorkshire Combined Authority



- 4.13** ILR data must be submitted to the ESFA by uploading a file in XML (extensible mark-up language) format to the ESFA's secure online, 'Submit Learner Data', facility and this should be done on a regular basis. If providers do not have an MI system capable of generating an ILR XML file, then providers should consider using the ESFA ILR Learner Entry Tool (please note that this tool is limited in terms of learner numbers that can be entered) which will enable providers to create an ILR file for submission to the ESFA. The West Yorkshire Combined Authority recommend uploading the ILR as a compressed file.
- 4.14** Each provider must submit a single ILR file containing all learners, learning and destination records (where appropriate) for all funding streams (including AEB) for the year to date. Each file overwrites all previously submitted records by providers. This means that providers must not split the data into separate files and transmit each file separately (e.g., for different funding streams).
- 4.15** Once providers submit an ILR to the ESFA it cannot be deleted. If the file contains incorrect data this can only be corrected by submitting a corrected ILR file to overwrite the incorrect one. The last file submitted prior to the period deadline will be the one loaded into the national database for that return.

## 5. Payments and Reporting

- 5.1** The West Yorkshire Combined Authority will run the BACS payments on the 15th working day of each month. Providers will need to ensure that providers have cash flow available to accommodate these payment terms.
- 5.2** Providers will be given, in advance of the start of the funding year, an agreed payment profile based on the providers' agreed delivery plan, underpinned by a Grant/Contract. Providers will be advised in writing in advance of any in-year changes being made to the value of its Grant. or Contract. The West Yorkshire Combined Authority reserve the right to cease payments, should providers be in breach of their Contract/Grant.

### Payment Timeline

- 5.3** The normal payment timeline is shown below.

Day of Month	Action
Workday 4	Provider submits ILR to ESFA
Workday 5	ESFA runs validation checks
Workday 6	West Yorkshire Combined Authority receives occupancy report
Workday 7	West Yorkshire Combined Authority checks accuracy of return
Workday 15	West Yorkshire Combined Authority BACs run to providers

- 5.4** For all providers, Grant/Contract agreement will span two financial years:
- August 2023 to March 2024: periods 1 to 8 of the 2023 to 2024 funding year
  - April 2024 to July 2024: periods 9 to 12 of the 2023 to 2024 funding year

### Provider Funding Reports

- 5.5** The ESFA will provide all West Yorkshire Combined Authority providers with the following funding reports in respect of their AEB provision in devolved areas:
- Devolved Adult Education Occupancy Report - This is the detailed report for devolved adult education, containing information about the learning aims, the learner and the funding generated each month. This report includes learning aims recorded with a Source of Funding (SOF) for a devolved area and either Funding model 35 (Adult skills) or Funding model 10 (Community Learning).
  - Devolved Adult Education Funding Summary Report - This is the summary report for earnings recorded under devolved funding model 35 (Adult skills) split by each devolved authority. This report aggregates the funding for each



month by funding age band, by programme and key funding line type. It also combines earnings from the ILR and the EAS.

- Non-Contracted Devolved Adult Education Activity Report - This report shows learning aims for devolved adult education (funding model 10 and 35) where the ILR details for the learning aims have passed validation and there are calculated earnings, but where there is no contract between the devolved authority and the provider.

## 6. Audit & Assurance

- 6.1** As part of our approach to monitoring provider performance our Internal Audit and Finance colleagues will undertake various audit and assurance activity to ensure that the funding is deployed in the way it was intended.
- 6.2** We are required to submit an annual statement setting out various assurances over our providers to the Department for Education on an annual basis. This is in addition to existing statutory and other legal and public sector assurance requirements for us to demonstrate public funds distributed and used by us are being spent appropriately.
- 6.3** The initial focus will be in reviewing the systems and processes providers have in place to ensure that they can submit timely and robust data to the ESFA and the West Yorkshire Combined Authority, and that they are delivering provision in line with what is submitted i.e. that the system of internal control is sufficient to ensure compliance with statutory and contractual requirements.
- 6.4** We will also be considering the quality and timeliness of the data submitted by providers, analysis of this data to inform us of anomalies that result in performance management action being necessary, and how the systems and processes between our providers, ourselves, our internal teams, the ESFA and any other Combined Authorities are working.
- 6.5** We intend to minimise the duplication of effort between our external partners, and requests made to providers for the same information from multiple sources, through clear data sharing protocols in line with legal requirements.
- 6.6** Where the West Yorkshire Combined Authority is funding a Local Authority, then assurance will be sought from the Local Authority's Internal Auditors on its provision delivered and use of funds. Assurances from external auditors and others will also be sought in line with the latest ESFA Post-16 Audit Code of Practice.
- 6.7** The assurance over HE institutions in respect of AEB funds remains the responsibility of the Office for Students (OfS).
- 6.8** Formal Internal Audit and other compliance visits to consider the evidence held by college and independent training providers to support their claims, and that they are meeting the terms and conditions of their funding agreements will be undertaken on a periodic basis.



- 6.9** The intention at this stage is that all providers will receive an on-site visit from either our Internal Audit team, or one of our partners on our behalf, at least every 3 years that they are in a funding agreement with us. This reflects the current approach taken by the ESFA. Testing undertaken will be based on that carried out by the ESFA, where their audit programmes and working papers are made available to us.
- 6.10** If allegations/ information are received by us under our Whistleblowing Policy, from partner organisations or other sources, that relate to concerns regarding the financial management and/ or governance of the provider or one of their sub-contractors, the matter will be investigated in line with our Anti-Fraud and Corruption Policy and any agreed joint working protocols with any other affected partner organisations, including the ESFA and other Combined Authorities/ the GLA.

### **Policies and Insurance**

- 6.11** Audit and compliance visits and checks will test against the suite of policies provided as part of the contract assurance and due diligence process. These policies are detailed in the grant agreement and contracts for services contract.

## **7. Approach to Performance and Compliance Reviews**

### **Level 1: Routine Review**

- 7.1** A review of all providers will take place within the first three months of your contract start date, which will determine the approach to performance/compliance.
- 7.2** The review will include, but is not limited to, the following:
- progress against your delivery plan (including track record)
  - compliance with the funding rules
  - quality and timeliness of data returns,
  - review of your Quality Improvement Plan
  - complaints and whistle-blowers,
  - compliance with subcontracting requirements
  - financial concerns, cash flow issues, late submission of accounts (increase or decrease)
  - review of systems and processes (where appropriate)
  - quality concerns based on progress judgements in published Ofsted reports.
  - declining qualification achievement rates
  - any compliance concerns, including outcomes of audits and assurance reviews,

- 7.3** Following the review, a risk rating will be assigned to providers through a RAG rating system. All providers will undergo Performance Monitoring Reviews, as outlined in paragraph 3.17, as a minimum. Regularity of reviews will increase where providers are RAG rated Amber and Red.

### **Level 2 – Informal**

- 7.4** If data shows that you may not achieve the performance levels set out in your Contract/ Grant Agreement, we will issue a Provider Improvement Notice. At this stage you will be informed that formal action could be taken in the event that performance does not improve.
- 7.5** A recovery plan will be developed by the provider to detail the actions, next steps and support required to improve performance. The recovery plan will be reviewed by the West Yorkshire Combined Authority and support will be provided to assist increased performance where needed.
- 7.6** The Recovery Plan will be used to capture all agreed actions for performance improvement, including incremental performance and pipeline data that may lead to improving performance levels in line with the agreement/ contract.
- 7.7** The Action Plan will be reviewed as part of your Performance Review. Weekly contact will be made to check on progress and provide support. Moving to Level 2 within the Performance Management Framework will impact on your RAG rating. It may also have an impact on any request for growth or contract extension for the funding year 2023/2024

### **Level 3 – Escalation**

- 7.8** If data and subsequent reviews show that you may not achieve the Action Plan set out in your Performance Review, we will discuss your contract and delivery with the West Yorkshire Combined Authority AEB Performance Group. Once these discussions have taken place, a decision will be made as to whether to progress to Level 4.

### **Level 4 – Formal**

- 7.9** If formal action is required, the West Yorkshire Combined Authority will issue a second Performance Improvement Notice (PIN) in accordance with the terms of your Grant Agreement or Contract, to address the failure to meet the performance levels set out in the grant/ contract.
- 7.10** The West Yorkshire Combined Authority will stipulate what action should be taken, parameters for improvement and the timeframes for action and reporting.
- 7.11** In the event that performance does not improve sufficiently to meet the performance levels as required by the PIN or you are otherwise in breach of the agreements set out in the PIN, the West Yorkshire Combined Authority may act to terminate your contract or grant agreement.

## Performance Reviews

- 7.12** It is important to note that a provider's RAG rating can change in year, based on actual delivery, performance reviews and compliance checks. Your lead contact within the AEB Key Account Management Team will hold regular Performance Reviews (PR) with you, which will focus on grant agreement performance levels. Performance will be managed on both quantitative and qualitative aspects of your contract/Grant Agreement.
- 7.13** The purpose of the PR is to formally examine with you, your performance for individual Contracts/ Grant Agreements. All relevant aspects of performance will be assessed against contractual requirements and outcomes. The frequency of Performance Review will be in line with your RAG rating.
- 7.14** The outcomes of your performance review may impact on your RAG rating. The Performance Review meeting will focus on the ongoing achievement of performance levels and customer service standards and depending on priority issues for each meeting, is likely to cover the following areas (this list is non-exhaustive):
- Actions arising from any previous Performance Review
  - Performance including that reported in the ILR and EAS against your Delivery Plan and expected future performance
  - Performance against Social Value outcomes (where applicable)
  - Review of learner journey (where appropriate)
  - Review of collaborative working
  - Review of Action Plan (where applicable)
  - Sub-contractor and supply chain performance (where applicable)
  - Collaborative working
  - Compliance monitoring
  - The West Yorkshire Combined Authority Strategic Priorities
  - The West Yorkshire Combined Authority/ DfE policy changes.

## Compliance Monitoring

- 7.15** You must ensure you have systems and processes in place to assure the West Yorkshire Combined Authority that you are using the AEB appropriately. The West Yorkshire Combined Authority reserve the right to perform Compliance Monitoring for any provider, including sub-contracted provision.
- 7.16** In order to gain assurance on provider compliance with the funding rules and agreements with us the West Yorkshire Combined Authority Contracting Officers will undertake regular checks of all providers.

**7.17** The compliance checks will include, but not be limited to:

- Systems and processes
- ILR data
- EAS submission
- Sample checks of learner files
- Number of Guided Learning Hours (GLH) delivered per qualification (which must be recorded and can include classroom delivery; distance learning and assessment and attendance records must be available).
- Next steps/learner outcomes at the time of the course completion
- Evidence of learner tracking for progression
- Sub-contracting arrangements
- Other contractual requirements

**7.18** The West Yorkshire Combined Authority will select a sample of learner files to check randomly using a method chosen by the West Yorkshire Combined Authority. The frequency, periodicity and size of the samples may change throughout the contract period.

**7.19** As part of our compliance monitoring, we will continue to monitor compliance with the funding rules. We will contact you where we identify you have submitted data that does not meet our funding rules and ILR requirements. We will require you to correct inaccurate ILR and EAS data or to adjust your final funding claim.

### **On Site Audit Visits**

**7.20** Both Performance Review and Contract Review processes and escalation procedures will be supported by periodic on-site audit visits as mentioned above in the Audit and Assurance section. These will be undertaken at least every 3 years, and more frequently if concerns have been raised through the risk assessment process.

**7.21** Detailed testing will be carried out on samples of learner files and PDSAT's in order to determine if there are errors/ fraud in claims made at a learner/ course/ group/ provider level on the ILR, and whether this can be ringfenced or not (to determine if there are isolated or systematic errors), resulting in potential reclaim. This type of audit will usually comprise of:

- obtaining evidence of learning start and end dates, pre-requisite attainment or assessment in key skills, completion/ attainment, learner agreement, residency and employment status and funding level assessments, as well as evidence learning is taking place (including registers and assessment evidence), contracts with and evidence of contract management of sub-contractors;
- interviews with key staff and learners where necessary;

- post- visit work on required provider self- audit and changes needed/ made to the ILR in current and prior years, any payments due back; and
- production of an Internal Audit report, including an Assurance opinion on the provider in line with Department for Education requirements.