

## Section 12 – Financial Procedures

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12.2. With the additional appendices:

- Appendix 1a – Employer Verification Template **Error! Bookmark not defined.**
- Appendix 1b – Employer Verification Template **Error! Bookmark not defined.**
- Appendix 2a – Self Declaration Verification Template .....**Error! Bookmark not defined.**
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- Appendix 3a – Self Employment Verification Template ...**Error! Bookmark not defined.**
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### Introduction

12.3. This section summarises the Flexible New Deal (FND) funding model, the use of the Provider Referrals and Payments (PRaP) system outlining the action to be taken by individuals involved in the claims process and also details the evidence requirements you will need to supply should job outcomes you submit fail the ‘off-benefit’ check.

12.4. **Please Note:** Where a customer is recognised as a Special Customer Record customer, information that would normally be managed through the PRaP system will need to be managed and maintained clerically. In these circumstances you should follow the guidance contained within this section in conjunction with the guidance contained within the Special Customer Record Customer Section ([Further information regarding the management of Special Customer Record customers can be found in: Section 21 – Special Customer Record Customers](#)).

# Flexible New Deal Guidance

## Overview

- 12.5. As a supplier delivering the FND service you will have won your contract/s based on a competition that covered price as well as quality.
- 12.6. The price submitted in your successful bid forms the basis on which all subsequent payments will be calculated and paid.
- 12.7. The funding model for FND contracts follows the Department for Work and Pensions (DWP) standard funding model principles. It has the following payment elements and ratios:
  - a service fee worth 20 per cent of the overall contract value;
  - a Short Job Outcome payment worth 50 per cent of the overall contract value; and,
  - a Sustained Job Outcome payment worth 30 per cent of the overall contract value.

## Service fee

- 12.8. The service fee is intended to provide you with a guaranteed monthly payment by way of contribution towards the delivery of the contract service.
- 12.9. Service fees will not be sensitive to the flow of volumes entering FND and will be paid direct to your designated bank account monthly in arrears.
- 12.10. Service fee payments may be front loaded, to assist suppliers with their cash flow in the early part of the contract life, and may be paid at four rates over the life of the contract:
  - 58 per cent\* of the average annual contract value for the first six months of the contract;
  - 32 per cent\* of the average annual contract value for the following six months of the contract;
  - 13.8 per cent\* of the average annual contract value during years two to five; and,
  - 0 (zero) per cent\* for years six and seven.
- 12.11. **Please Note:** \* These percentages assume that inflation and efficiency savings have no effect on the price.

## Short job outcomes

- 12.12. Short job outcome payments will be made on a unit price basis, which will be calculated by taking 50 per cent of the total contract price and dividing it by the number of job outcomes that you have offered.
- 12.13. The definition for a short job outcome is a job that:
  - involves a minimum of 16 hours per week;
  - involves continuous employment lasting 13 weeks (no breaks in employment); and,
  - started prior to or within six weeks (the FND [tracking period](#)) of a customer leaving FND or completing their 52 week (or 26 week extension) allotted time

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(Further information regarding allotted time can be found in: [Section 02 – Customer Referrals, Starts and Allotted Time](#)).

- 12.14. **Please Note:** You may only claim a single short job outcome claim per customer and outcomes can include self employment and subsidised employment.
- 12.15. You will be required to claim your short job outcome payments via PRaP ([Further information regarding claiming job outcomes can be found in Provider Desk Manual which forms part of the UPK/Tutor Help function embedded within PRaP](#)) however before doing so you have a responsibility to ensure that the job outcomes you report to DWP are valid, i.e. that the individual is in work and has been in work for the required period of time and if required can be supported by evidence to support that the job outcome definition has been met in full.

### Sustained job outcomes

- 12.16. Sustained job outcome payments will be made on a unit price basis, which will be calculated by taking 30 per cent of the total contract price and dividing it by the number of sustained job outcomes that you have offered.
- 12.17. The definition for a sustained job outcome is a job that:
- involves a minimum of 16 hours per week;
  - involves employment that lasts for at least 26 weeks out of 30 (breaks in employment must total no more than four weeks); and,
  - started prior to or within six weeks (the FND [tracking period](#)) of a customer leaving FND or completing their 52 week (or 26 week extension) allotted time ([Further information regarding allotted time can be found in: Section 02 – Customer Referrals, Starts and Allotted Time](#)).
- 12.18. **Please Note:** You may only claim a single sustained job outcome per customer and outcomes can include self employment and subsidised employment.
- 12.19. You will be required to claim your sustained job outcome payments via the PRaP system ([Further information regarding claiming job outcomes can be found in the Provider Desk Manual which forms part of the UPK/Tutor Help function embedded within PRaP](#)) however before doing so you have a responsibility to ensure that the sustained job outcomes you report to DWP are valid, i.e. that the individual is in work and has been in work for the required period of time and if required can be supported by evidence to support that the job outcome definition has been met in full.

**Please Note:** It is not necessary to wait for 30 weeks before making the claim. If the individual has been in continuous employment for 26 weeks, you may claim after 26 weeks. Similarly, a claim could be submitted at week 27 and if, say, only 3 days benefit had been paid in the relevant period.

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## **Claiming Job Outcomes where the customer is referred to alternative provision**

12.20. Job Outcomes payments can be claimed by both the FND provider and the provider of the referred provision. Therefore, in the following circumstances a job outcome payment can be claimed:

- The referral to the other provision is included on the customers action plan;
- Jobcentre Plus has considered and confirmed eligibility/relevant provision funding is available to refer the customer to the other provision; and
- The job outcome definition was met.

This applies to the following provision:

- European Social Fund
- Learning and Skills Council provision
- Training for Work
- Workways programme
- Work Preparation
- Workstep

## **Tracking period**

12.21. The FND tracking period lasts for 6 weeks, and will commence where a customer leaves a period of participation, or once the customer completes their 52 week (or 26 week extension) allotted time.

12.22. This six week period allows you to claim outcome payments for customers who have found work after leaving your FND support.

## **Exceptions**

12.23. There may be occasions when a job outcome falls outside of the six week tracking period because of the need to complete a Criminal Record Bureau (CRB) check.

12.24. In these circumstances an exception may be considered and the payment made if you can produce evidence that the job started outside of the six week tracking period due to the CRB check.

12.25. Claims for payment for job outcomes pending CRB checks where the job start date is outside the tracking period are acceptable when:

- it can be clearly demonstrated that you have done everything possible to obtain the evidence within the normal period; and,

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- you can prove that the offer and initial request for the CRB check was within the normal six week tracking period.

12.26. **Please Note:** In these circumstances you will submit your job outcome claims through PRaP, however this will reject. You must therefore submit a copy of any such evidence to support the CRB check is taking place. It will then be for the PRaP Operational Support Team (POST) to match the necessary information you submit that evidences why the job started outside the six week tracking period.

### **PRaP Operational Support Team (POST)**

12.27. The PRaP Operational Support Team (POST) will carry out administration and approval functions to support supplier referrals and payments on PRaP ([Further information and full details of the POST role can be found in the Provider Desk Manual which forms part of the UPK/Tutor Help function embedded within PRaP](#))

### **Self employment**

12.28. You cannot claim an outcome until a customer is off benefit and trading independently. Once a customer has traded independently for 13 weeks (and provided the job meets the outcome criteria) you will be entitled to claim for a [short job outcome](#), and if the customer trades for 26 weeks out of a 30 week period (and provided the job meets the outcome criteria) you can claim a [sustained job outcome](#) payment.

### **Subsidised employment**

12.29. You can make a claim for a customer entering subsidised employment, including clients employed by yourself provided that the outcome criteria are met.

### **Employing FND customers**

12.30. DWP acknowledges that you may employ individuals who originally start out as an FND customer. This is acceptable, however, the strategic intent of FND is to place customers into sustained employment that extends beyond the duration specified for performance and payment purposes.

12.31. In that respect, DWP would not expect you to continuously turnover your employee base with FND participants merely as a means of enabling short and sustained job outcomes to be reported and subsequent payments to be claimed.

### **Checks to support claims**

12.32. By reporting achievement of short job outcomes and sustained job outcomes through the PRaP system you will in effect initiate the claim for payment and DWP will provide the evidence needed to support payment by way of an [off benefit check](#). This does not remove your responsibility to ensure outcome claims are valid before submission.

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## The off-benefit check

- 12.33. This check will compare the benefit history for individual customers against the dates you have indicated the customer was in work, if the off-benefit check 'passes' then payment will be made.
- 12.34. Should the off-benefit check 'fail', you will be invited to submit additional evidence to support your claim (via the [POST team](#)). It is important that the Department obtains adequate, auditable, alternative evidence at this point, not only to support release of the payment, but also to inform any subsequent referral for [benefit fraud investigation](#).
- 12.35. In these circumstances, you will need to ensure that you can supply adequate [evidence](#).

## Evidence

- 12.36. You are expected to maintain sound systems of internal control which must include appropriate checks, monitoring and evidence to ensure that you only submit claims for payments to which you are entitled and DWP will look at what systems you have in place.
- 12.37. Where DWP requests evidence to support job outcomes, this should be a photocopy of the original evidence. Suppliers should where possible retain the original of the evidence, or take a copy returning the original to the customer.
- 12.38. You are responsible for obtaining verification of a customer's entry into employment/ self-employment for claiming a job outcome payments, and for getting the customer's permission to obtain the information.
- 12.39. You will not be expected to provide any paper evidence in support of service fee payments. However, this does not replace the need for you to retain any such evidence, as it may be required in the terms and conditions of your contract, to prove that you have delivered the service for which you are being paid.

## Evidence requirements for job outcomes that fail the off-benefit check

- 12.40. In order to support your claims for job outcomes which fail the off-benefit check you are required to obtain verification templates. You have the freedom to decide if you collect this alternative evidence as a matter of course or simply wait for any off-benefit rejections before doing so, on the understanding that, if it is needed, payment will not be made until it is supplied to the Department and meets the relevant job outcome definition.
- 12.41. In order to support your claims for job outcomes which fail the off-benefit check you are required to obtain a signed employer verification template stating:
- the customers name and National Insurance Number;
  - the date the customer started the job;
  - the minimum number of hours worked per week;
  - that the job has lasted, either:

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- 13 weeks for a short job outcome; or,
- 26 weeks out of 30 for a sustained job outcome;
- the employer's name, the employers address, the employer's telephone number and a contact name for the employer.

12.42. The employer verification template format that must be used for short job outcomes can be found at [Appendix 1a](#). The employer verification template format that must be used for sustained job outcomes can be found at [Appendix 1b](#).

12.43. The employer verification template must be supported by a company letter headed paper, compliment slip, company stamp, or business card, which:

- clearly identifies the business;
- is signed by the same person within the employers organisation who has supplied and signed the employer verification;
- ideally shows the address of the company;
- ideally links to the person signing e.g. the person detailed on the business card.

12.44. This template can also be supported by:

- trade invoices - an invoice for goods or services bought by the employer organisation relevant to the employer business; or
- trade receipts - receipt/sales invoice for goods or services supplied by the employer organisation relevant to the employer business; or
- utility bills – a utility bill for gas, electricity or water consumed by the employer organisation; or,
- fax headers – where a fax header is set up using the fax settings and this is clearly displayed on an incoming fax to a provider from an employer, this will be treated in the same way as company letter headed paper; or a company payslip.

12.45. **Alternatively** if you cannot obtain an employer verification template you must obtain a signed customer self verification template stating:

- the customers name and National Insurance Number;
- the date the customer started the job;
- the minimum number of hours worked per week;
- that the job has lasted, either:
  - 13 weeks for a short job outcome; or,
  - 26 weeks out of 30 for a sustained job outcome;
- the employer's name, the employers address, the employer's telephone number and a contact name for the employer.

12.46. The customers self verification template format that must be used for short job outcomes can be found at [Appendix 2a](#). The customers self verification template format that must be used for sustained job outcomes can be found at [Appendix 2b](#).

12.47. The customers self verification template must be accompanied by either:

- a contract of employment; or,

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- pay slips which contain information to satisfy the relevant job outcome definition.

### **Evidence requirements for self employed job outcomes that fail the off-benefit check**

12.48. In order to support your claims for self employed job outcomes which fail the off-benefit check you are required to obtain a signed self employment verification template stating:

- the customers name and National Insurance Number;
- the date the customer started self employment;
- the minimum number of hours worked per week;
- that self employment has lasted, either:
  - 13 weeks for a short job outcome; or,
  - 26 weeks out of 30 for a sustained job outcome;
- the company name, the company address, and telephone number.

12.49. The self employment verification template format that must be used for short job outcomes can be found at [Appendix 3a](#). The self employment verification template format that must be used for sustained job outcomes can be found at [Appendix 3b](#).

12.50. The self employment verification template must be supported by evidence that supports your claim that the customer has been trading for the number of weeks appropriate to the job outcome definition. Such evidence *might* include:

- a letter from a recognised business start up organisation which must include a business plan;
- trading bank statements;
- trade invoices;
- N.I. Contributions Account; or,
- evidence that the customer has registered with the Inland Revenue.

**The overriding requirement is that the evidence submitted must demonstrate that the job outcome definition has been met in full.**

### **Irregularities/ potential fraud**

12.51. You have a responsibility to minimise the risk of fraud within the programmes you deliver. Funding should be safeguarded against fraud and serious irregularity on the part of your directors, employees or subcontractors. Such abuse would include false or misleading claims for fees, whether designed to gain immediate financial advantage or overstate performance.

12.52. Deliberate and/or persistent non-compliance with prescribed standards of delivery would also be subject to investigation if a possible financial impact was identified.

12.53. In such instances the DWP may contact you to pursue enquiries relating to potential abuses of funding. Their remit will be, primarily, to investigate fraud and financial irregularity but it can in certain circumstances extend to non-compliance with contract and guidance.

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12.54. You should therefore ensure that all staff involved in the delivery and management of contracts are fully aware of the risks and consequences of any falsification, manipulation, deception or misrepresentation. Occurrence of fraud within any individual programme could lead to the termination of all contracts held by you as well as civil or criminal proceedings against those implicated.