

Luton Council, Adult Learning Service

Subcontracting Fees and Charging Policy 2018/19

The aims of this policy are to provide existing and potential subcontractors with information about Luton Council, Adult Learning Service's reasons for subcontracting; how we select our potential partners; fees and charges, the services we provide and our terms for payment.

This is to ensure consistency, clarity and fairness for all partner organisations and Luton Council, Adult Learning Service (the Service).

Section 1: Rationale for subcontracting

The Service's vision is to provide high quality teaching and learning locally across Luton, which responds to national and local priorities for skills and learning and meets market needs and demands. Where the Service's traditional curriculum offer no longer matches the skills needs in Luton, it commissions provision which complements its own offer. This enables the Service to extend the range and accessibility of its provision to meet identified skills gaps in the County, thus building capacity to serve the best interests of learners, employers and the economy. Diversifying its offer allows the Service to engage with new markets and support the delivery of niche provision.

Subcontracting with a range of providers enables the Service to meet national, local and Service priorities.

Section 2: Maintaining standards

In October 2017 the Service was inspected by Ofsted and rated as 'Good'. The Service seeks to engage subcontractors who have achieved a similar standard and who share an ethos of working for continuous improvement.

The Service ensures subcontractors reach or exceed national standards set by Ofsted, the Education Skills Funding Agency through a rigorous due diligence process. Once appointed, subcontractors are subject to a robust monitoring, review and evaluation process which provides both challenge and support, thus raising standards and improving outcomes for learners and employers.

Through its monitoring and review process, the Service enables subcontractors to share good practice and to learn from each other. Where areas for improvement are identified, the Service works with the subcontractor to build their capacity and capability to offer the best possible services to learners, thus reducing risk and improving performance.

Ultimately the Service and its subcontractors work together to develop high quality providers which benefit the sector as a whole, as well as individual providers and their learners. 2

Section 3: Fees

3.1 Basic Fees

3.1.1 The Service retains 15% of the funding earned by each Community Project learner to cover costs incurred in carrying out the following activities:

- Planning and procurement process
- Due diligence process
- Provider induction
- Funding and data management
- Monthly monitoring visits
- Quality Assurance
- Annual contract review meeting

3.1.2 Applicable to subcontractors delivering provision under the Apprenticeship Programme. In consultation and agreement with individual subcontractors, the Service retains part of the funding earned by each apprentice to cover costs incurred in carrying out the following activities additional to those listed above:

- Promotional activities
- Recruitment support and process
- Employer support
- Apprentice induction
- Post apprenticeship support
- Caseload Officer support and reviews
- Apprentice support software

Please see further information in Section 4.1.

3.2 Additional Fees

The funding retained by the Service will be increased where the Service incurs additional costs arising from providing additional services and from the management of increased levels of risk which require additional support, for example, higher frequency of monitoring visits, additional observations. The percentage will vary according to the type and level of support required. In addition, where the Service makes payments on behalf of the provider, these will be recovered.

Please see further information in Section 4.2. 3

Section 4: Services

4.1 Standard Services

The Service will provide the following services to all providers:

Planning and Procurement Process

- programme planning based on local and national priorities
- development of tenders and/or procurement authorisation documentation
- tender and/or procurement authorisation process
- tender and/or procurement evaluation and award of contracts
- pre-contract site visit and risk assessment
- contract development, negotiation and agreement
- setting up of procurement facility for contract payments

Due Diligence Process

- development, implementation and management of the Due Diligence process in accordance with funding agency rules
- assessment of Due Diligence information
- support to complete the Service Due Diligence process
- support to pass the Skills Funding Agency Due Diligence Gateway if applicable

Provider Induction

Training in:

- funding policy, rules and regulations
- quality standards, including Ofsted standards as set out in the Common Inspection Framework
- completion of Service paperwork to Service standards, e.g. Learning Agreement, Register, Individual Learning Plan etc
- audit requirements for the type(s) of provision offered
- application processes for Discretionary Learner Support Fund, Additional Learning Support funding and Advanced Learning Loans (*where relevant*)

Funding and Data Management

- maintain awareness of and implement funding agency policy, rules and regulations
- maintain the Service's relationship with the funding agencies
- develop documentation and paperwork in accordance with the requirements of the funding agencies
- purchase and maintain a specialist Management Information System
- collect data, record it on the Service's Management Information System and submit accurate funding returns to the Skills Funding Agency
- manage the Service's funding
- carry out ongoing internal audit
- manage external audits
- manage invoices and process contract payments to partner providers
- assess, process and administer Discretionary Learner Support Fund, Additional Learner Support and 24+ Advanced Learning Loans applications
- arrange Copyright Licensing Agency licence

Regular Monitoring Visits

- manage the contract
- review performance against targets
- review quality assurance processes
- provide ongoing support to remedy issues identified

Quality Assurance

- manage provision in accordance with the quality standards set out by Ofsted in the common inspection framework
- act as lead in an Ofsted inspection
- carry out subject specialist observations of teaching and learning, assessment, initial advice and guidance
- provide ongoing support to remedy issues identified
- manage the self assessment process
- manage and monitor the continuous improvement plan
- collect feedback from learners and employers on the quality of provision and submit it to the funding agencies and Ofsted as required

Annual Contract Review Meeting

- carry out an end of year review of performance
- evaluate the contract

4.2 Additional Services

Where the Service provides additional Services or incurs additional costs, a fee will be charged based on the costs incurred. For example:

Service provided	Cost
Scheme approval	Awarding body fees + £20 per hour time spent. Average time to gain scheme approval - 30 hours
Awarding body registration and certification	Awarding body fees + £15 per learner administration fee
Internal verification	£27 per hour
Training	£110 per 2.5 hour session (£44 per hour of contact time)
Provision of accommodation	Hourly rate for accommodation and equipment + £10 booking fee
Copyright Licensing Agency (CLA) fees recovery	FE learners aged 16-18: £4.48 per FTE FE learners aged 19+ : £3.24 per FTE HE in FE learners : £7.50 per FTE (subject to amendment by the CLA)

Section 5: Payment Terms

5.1 Payments

- The Service will agree payment with its subcontractors based on:
- Satisfactory delivery of agreed provision and/or services as detailed in the contract and associated appendices
- Satisfactory completion and submission of paperwork and auditable documentation in accordance with the Funding Agencies' funding and audit guidance, and requirements such as making sure all the relevant forms, agreements, applications or other documents which are required to be sent to the Funding Agencies are, if necessary, completed and signed by the relevant authorised officer of the subcontractor and ensuring a learner does not exceed the maximum funding available in an academic year.
- where applicable, awarding body certification being received by the Service within the required timescales
- the subcontractor's adherence to the terms and conditions set out in the Contract and its appendices

For Apprenticeship provision, payments will always be based on the funding actually earned by each learner and may vary if funding rates and guidance change during the period of the contract.

Payments will be subject to review throughout the Contract period and may be adjusted as a result of targets being exceeded or under-achieved. Payments may also be adjusted if the required data, evidence and paperwork, as detailed in the Contract of Delivery Appendix 2: Activities, Outputs and Additional Requirements are not returned as requested, or as a result of an unsatisfactory audit.

Payments will be made on the submission of a valid invoice in accordance with Section 3: Payments of the Contract of Delivery. Interest will not be due for the purpose of the Late Payment of Commercial Debts (Interest) Act 1999 until 30 days after a valid invoice has been received by Adult Learning.

Invoices that are not presented in accordance with section 5.2 "Payment Methodology" and/or Section 3: Payments of the Contract of Delivery may suffer a delay in payment. Invoices should be submitted in accordance with the timings/dates stated in Appendix 3: Delivery Schedule/Target & Funding Profile of the Contract of Delivery.

Payment for learners may be withheld where there has been:

- i. No confirmation of registration
- ii. Adult Learning has notified the partner-provider that it is in dispute. Such notice will specify the nature of the dispute, the amount being withheld and the grounds for withholding.

The Service reserves the right to reclaim funding if the subcontractor cannot provide on request evidence of good controls and regularity in their sub-contracted provision. 6

The Subcontractor will not levy fees or charges against any other person or organisation, other than to or through the Service for the Service's learners.

5.2 Payment Methodology

5.2.1 Registration payment

Subject to the Service receiving from the subcontractor evidence of registration of an eligible learner under its contract and a valid invoice pertaining to said learner, the Service will pay 10% of the funding value for the learner's learning activity, in accordance with Appendix 3: Delivery Schedule/Target & Funding Profile of the Contract of Delivery less the Service's management fee.

5.2.2 On programme payment

Learner on programme payments will be made depending on the duration of the programme as described in Appendix 3: Delivery Schedule/Target & Funding Profile of the Contract of Delivery.

5.2.3 Apprenticeship Achievement payment

Upon satisfaction of the following criteria, the Service will pay the subcontractor the final 20% of the funding value for the learner's learning activity, in accordance with the terms of the Contract of Delivery Section 3: Payments and the supporting Appendix 3, less the Service's management fee:

- i. the learner fully achieving their qualification
- ii. evidence of that achievement being received by the Service within the required timescales
- iii. the Service receiving the required paperwork from the subcontractor in accordance with the "Management Information, audit requirements and paperwork" section of the contract
- iv. successful audit (within 4 weeks of receipt of all required paperwork)
- v. receipt of a valid invoice

Section 6: Communication and review of policy

This policy will be communicated as follows:

- At the contract review meeting with each subcontractor (existing subcontractors)
- On the Service's website
- At contract negotiation

The policy will be reviewed annually or more frequently should changes in funding guidance require it.

Section 7: Contingency Plan

All learners who are provided with education and training under an agreement between the Council and Adult Learning and a subcontracting organisation remain the responsibility of the Council and Adult Learning. The Council and Adult Learning will follow robust pre-contracting processes and procedures to ensure the quality and stability of potential subcontracting organisations. The Council and Adult Learning mitigates risks by:

- Commissioning local providers
- Commissioning provision for local needs
- Setting funding maximums for community learning provision

In the event that:

- the Council or Adult Learning needs to withdraw from a subcontract arrangement, or
- A subcontractor withdraws from the arrangement, or
- A subcontractor goes into liquidation or administration

The Council and Adult Learning will be responsible for making alternative arrangements for the delivery of education and training.

The Council and Adult Learning will explore a range of options, to organise the continuation of education and training including:

- Using other local FE providers
- Using other existing subcontractors where provision matches
- Taking on the provision from the sub-contractor for the remainder of the contract period where resources permit
- Contracting with the next lowest bidder from the original Community Project bidding process

Contingency	Change Factor	Action Required	Responsible
Termination of existing subcontracting arrangement	New provider to be contracted	Identify suitable new provider	AS or CL Team Manager
	New subcontracting documents required	Prepare and process SLA documents.	AS or CL Team Manager
New service provider engaged part way through a contract	Course timetables/timeframes may change Course teachers may change Course venue may change Contract costs may increase	Ensure changes are minimised as far as possible	AS or CL Team Manager
		Quality monitoring of new set up arrangements	PLs (CL or AS)
Adopting service delivery from sub-	As above, and Induction / training of	HR / payroll set up	Support Services Manager

contractor	temporary staff	AL teacher induction /training	AS or CL Manager
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