

Subcontractor Management Fees and Charges Policy for 2017/18

1. Background:

Buckinghamshire Adult Learning (BAL) is a direct delivery service within Buckinghamshire County Council (the Council). It delivers a range of provision funded by the Education and Skills Funding Agency (ESFA) designed to meet the Council's strategic objectives and the ESFA's priorities. BAL's mission is to provide inclusive learning opportunities that promote well-being and inspire people living or working in Buckinghamshire to achieve their potential. It works to provide a positive difference to the lives of people living or working in Buckinghamshire and works as part of the Council to:

- Safeguard the vulnerable
- Create opportunities and build self-reliance
- Keep Buckinghamshire thriving

It achieves this on its accredited provision through the delivery of apprenticeships, traineeships, basic skills (including English; Maths; English for Speakers of Other Languages; and provision for Adults with Learning Difficulties and Disabilities) and qualifications for the unemployed.

2. Sub-contracting rationale:

BAL currently works with a large range of partners including the Job Centre, children's centres, schools, third sector organisations and local community groups to deliver a range of learning opportunities for adults, young people aged 16 and above, families and communities across Buckinghamshire. Some of these arrangements are informal and others are subject to a more formal service level agreement. In line with many other providers, BAL subcontracts some elements of the ESFA funded provision so as to be able to meet our customers', both local and regional, needs.

Currently only apprenticeship, traineeship and other Adult Skills Budget funded provision is subcontracted. Principally this is in order to:

- Expand our provision with new courses or delivery models where BAL does not currently have the expertise to deliver;

- To provide immediate provision whilst expanding direct capacity. This might include working with sub-contractors to explore and learn about new frameworks or sectors prior to investment in resources;
- Diversify our provision in terms of scope or scale including the development of new SSA areas or geographies linked to new or existing business contacts that BAL alone could not sufficiently provide coverage;
- To provide access to, or engagement with, a new range of customers;
- Support smaller providers to develop and grow their specialist provision and improve their quality.

These arrangements are through a formal subcontracting agreement with BAL in line with BAL's own funding agreement with the ESFA. BAL encourages a relationship with its providers that extends beyond the definitions of the contract to one which operates in a spirit of support, guidance, co-working, transparency and challenge, where necessary, in order to drive improvements and to ensure the best possible service delivery to learners as well as providing best value for money.

3. Subcontractor selection and appointment

Any organisation wishing to become a subcontractor for BAL has to first satisfy the criteria to become an approved supplier for the Council. The opportunity to become an approved supplier for BAL was advertised through the South-East Business Portal in December 2014, following a comprehensive due diligence process, under which financial capability, capacity to deliver and meet local needs and quality measures were evaluated. This process has been reopened annually, all additional approved suppliers have been added to the Council's approved suppliers' list. Being accepted as an approved supplier did not guarantee the offer of funding and a contract for 2017/18.

The second part of the process was a mini-competition under which prospective suppliers were invited to tender for funding from £20,000 to £120,000. In total £420,000 of Adult Skills Budget, £84,000 for 16-18 apprenticeships and £40,000 for 16-18 traineeships were available. Information in the tendering document stated that funding was to be prioritised both as regarded geographical location of the delivery and type of delivery. Subject to meeting the quality requirements, funding was allocated in the following priority order:

- Apprenticeships
- Traineeships
- Work with the unemployed
- English and maths
- General classroom-based learning
- Workplace learning

Applications for funding under the Adult Skills Budget exceeded that available and BAL was not able to offer any funding for general classroom-based learning and workplace learning. During 2017/18, there should be a further opportunity to become a preferred supplier. Depending on the performance of the existing subcontractors, there may also be an opportunity to tender for funding.

4. Quality and assurance

BAL is committed to continuously improving the quality of teaching, learning and assessment and this applies to both direct delivery and sub-contracted delivery. For sub-contracted delivery, this starts through a robust due diligence process which ensures only good quality sub-contractors are selected, as explained in paragraph 3 above. BAL ensures its subcontractors understand what is required of them and supports and challenges them through the use of a thorough and robust audit programme, which encompasses observation of teaching, learning and assessment, including inductions sessions, moderation, review of IV and EV reports, sharing of best practice, regular meetings, training sessions as required, review of timely completion, sub-contractor newsletters and self-assessment. Sub-contractors are also set KPIs around success rates and are expected to investigate and eliminate and achievement gaps.

5. Fees and charges

In 2017/18, the fee rate charged to manage subcontractors will be 15% + VAT. This will be reviewed during the year to ensure it is sufficient to cover the costs of managing and administering the subcontracting arrangements for each subcontractor. The fee will cover the staffing and other associated costs of supporting and monitoring the subcontracted provision. In return for the charge, subcontractors will receive the following support, guidance and challenge:

- A named contract manager as first point of contact who will respond promptly to any queries and monitor the contract throughout the year;
- Four monitoring meetings per year where provider performance against contract and the quality of the delivery are discussed and action plans for improvement agreed;
- Monthly contact to provide additional information and support;
- Paperwork submission quality and accuracy checks;
- Enrolments once data submissions are fully correct;
- MIS data monitoring for completeness, accuracy and financial payments;
- Audit checks of the full delivery information, including, but not exclusive to, learner support, auditable paperwork, learner induction, IAG, ILPs, progress reviews, policies and procedures, employer engagement, learner feedback and complaints, health & safety checks, Internal Quality Assurance, learner progress tracking system and Awarding Body reports;
- Processing of ILR returns, data validation and reporting;

- Submitting returns to the Student Loan Company;
- Document retention;
- Course code set-ups for all courses to be delivered;
- Due diligence quality checks;
- Access to funding support;
- Access to CPD services;
- Access to support and challenge against SAR and QIP to ensure quality improvements;
- Responsibility for the external audit on sub-contracted provision

6. Additional charges

Additional charges may apply should extra services be required. These may include:

Exam registration & certification In-line with Awarding Body fees	£10 admin fee per learner
Internal Quality Assurance services	£21 per hour
Liaison/management of External Verifier visits	£70 per visit
Purchase of resources	In-line with costs of resources purchased
Additional specialist CPD events	In-line with costs associated per head
Carrying out of observations of teaching, learning & assessment (OTLs) where the subcontractor doesn't have capacity to undertake OTLs and moderation themselves.	£100 per observation
Room hire to be provided upon request	To be provided on request

**All additional service charges will attract the current rate of VAT*

7. Payment Terms

Depending on the delivery, payment terms will differ for each subcontractor.

7.1. Payments will be paid monthly in arrears and will be based on actual funding earned to the end of the previous calendar month per submitted ILR information. The Council will produce a monthly ILR within 10 working days of the end of the previous month. It will extract from this the data relating to the Sub-contractor. The ILR will show how much Funding has been earned in relation to the Learning Provision delivered by the Sub-contractor to the

end of the month under review. A detailed report which includes details on each individual learner and the amount due for payment that month will be provided to the Sub-contractor to enable them to check the accuracy of the underlying data and identify any omissions. Any adjustments required will be processed and reflected in the payment due to the Sub-contractor for that month, if they are notified to the Council by the 20th working day of the month and where the impact on the payment due to the Sub-contractor would be more than 10%. Otherwise they will be reflected in the payment due for the following month.

7.2. The Council will pay the Sub-contractor its cumulative funding earned each month for the academic year. Monthly reconciliation will be applied to identify any further deductions to be made for any payments already made in relation to the Academic Year.

7.3. The Council will charge a 15% + VAT management fee on all of the cumulative funding earned each month of the academic year. If there are additional charges made by the Council, as listed in the Subcontractor Contract, all service fees will attract VAT.

7.4. If for any reason it is not possible to produce an ILR and hence calculate the Funding due, Payments will be made based on the profile set out at the end of this Appendix. Balancing Payments or adjustments would then be made to reflect actual Funding earned as soon as the system became available. The profile to be used for Funding Payments would be in accordance with the table at the end of this Appendix.

7.5. Where there is a failure to comply with the terms of this Agreement or any arrangements agreed between the Council and the Sub-contractor, the Council may withhold part of the Payments otherwise due.

7.6. In accordance with Clause 22 of this Agreement, part of the Funding due to the Sub-contractor may be withheld if there are breaches of the terms of the Agreement.

7.7. An invoice will be provided by the Sub-contractor to the Council for the gross amount shown on the Subcontractor Report, this will be paid within 30 working days of receipt or 10 working days for a small to medium sized enterprise, provided it is in agreement with the figures provided by the Council or any adjusted figure agreed.

7.8. The Council will raise an invoice for its management fees monthly, this fee will be based on the cumulative funding earned for each month of the academic year. All management fees will be charged at 15% + VAT, to be paid by the Sub-contractor. The invoice provided by the Council to the Sub-contractor will be paid within 30 working days of receipt.

7.9. If the Agency shall for any reason whatsoever (being a reason outside the control of the Council) refuse or fail to pay the fees of any Funded

Learner, then the Council shall be under no obligation to pay any part of the Funding relating to the said Funded Learner.

7.10. The Council will withhold Funding earned in respect of any delivery of functional skills delivered by the Council, as agreed with the Sub-contractor.

7.11. The Council will charge the Sub-contractor in accordance with agreed rates for any additional work undertaken over and above that provided as part of the management fee. Any such services and the corresponding charges are dealt with in a separate service level agreement (SLA). All management fees will attract VAT.

7.12. After submission of the final claim to the Agency, a final reconciliation of funding due to the Sub-contractor in respect of the academic year that has just ended will be made and any payments due to them will be processed. As part of this mechanism, the balance of any management fee due to the Council will be collected. This amount will be collected through invoicing arrangements in subsequent months in relation to the 2018/19 academic year.

8. Publication of this policy

8.1 This policy, effective from 1 August 2017, is reviewed annually and is published on BAL's website (www.adultlearningbcc.ac.uk), in accordance with ESFA funding rules, which require all providers who subcontract provision to publish a supply chain and charges policy, in the interests of transparency and openness. The policy sets out how subcontractors are appointed, performance management arrangements and outlines the management charges and fees for those who are governed by a formal Subcontractor agreement. This policy has been shared with all current subcontractors