

SUB-CONTRACTING (FEES & CHARGES) POLICY 2018/19

Scope

The policy applies to all supply chain activity supported with funds supplied by the Educational Skills Funding Agency or any successor organisations. Where a partnership or collaboration is formed, these arrangements should not be confused with subcontracting. Whilst these are useful approaches to delivery, they do not form part of this Policy.

There are two key areas of Subcontracting that falls within this Strategy:

- Provision subcontracting - the delivery of full programmes or frameworks.
- Service subcontracting - the delivery of a service as part of the delivery of a programme (for example, buying the delivery of part of an Apprenticeship framework or outreach support).

These terms are important to understand as it determines the depth and breadth of the Subcontracting Strategy requirements and its risk impact. However, within both cases, ELATT retains full accountability of contract delivery, such as the use of funds, quality and learner experience.

Context

The Sub contracting (Fees & Charges) policy is now a mandatory requirement that must be in place prior to participating in any sub- contracting activity from 1 August 2013. The content of this policy has been developed in line with AoC/ AELP Common Accord, the ESFA Funding rules and the LSIS Supply Chain Management document.

Overarching Principle – the Common Accord

In line with the Common Accord ELATT will commit to the “overarching Principle” to optimise the impact and effectiveness of service delivery to the end user by:

- Aligning our processes with the LSIS Supply Chain Management document (attached)
- Undertaking fair and transparent procurement activities, conducting robust due diligence procedures.
- Relating the retained funding (or Management Fee) to the costs of the services provided. These services, and the levels of funding being retained for them, will be clearly documented and agreed by all parties and be proportionate to the actual services being provided and commercially viable for both sides
- Submitting any disputes which cannot be resolved between supply chain partners to independent outside arbitration or mediation and to abide by its findings

Rationale for sub-contracting

Prior to entering the subcontracting process, ELATT will consider a Business Case to ensure that the subcontracting will be in the best interests of learners and employers. We will ensure that:

- The proposed delivery is in the best interests of learners and employers
- The proposed delivery has clear strategic fit with our mission, objectives and values
- There is sufficient curriculum / delivery expertise within ELATT to quality assure the provision
- The proposal addresses areas that we ourselves consider to be a priority
- There is sufficient staff resource in support areas to administer the processes
- The sub-contractor is approved via our Due Diligence process
- There is sufficient funding available within our funding contract (if applicable)
- The sub-contractor agrees to work within the terms of our contract

Possible drivers for working through a subcontractor

ELATT engages with sub-contractors to better meet customer needs. Reasons are varied but could be:

- To temporarily expand provision to meet a short term need
- 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
- Providing access to, or engagement with, a new range of customers
- Established delivery model and market that is best delivered independently
- A suitable for route for expansion in a new area / market
- We do not consider that the long term demand is sufficient to establish our own infrastructure
- To provide niche delivery where the cost of developing direct delivery would be inappropriate
- To support employers with a wide geographic requirement
- To support another provider to develop capacity/quality

Quality Assurance

Sub contracted activity is a fundamental part of ELATT's provision. The quality of the provision will be monitored and managed through our existing Quality Improvement processes. The ELATT Self Assessment Report process will ensure continuous improvement in the quality of teaching and learning, allowing good practice to be shared across the supply chain.

Setting the Fees and Charges

The standard college management fee is 15% of all funding drawn down against the provision to be delivered. This figure represents the total cost that ELATT incurs in effectively identifying, selecting and managing all sub-contracted provision. This includes the minimum amount of quality assurance activity that ELATT would attach to a low risk sub contractor.

Further charges to cover additional costs may be added to the base 15% fee to cover the cost to ELATT of any additional support that ELATT deems necessary to ensure the quality of teaching and learning and the success rates of any sub contracted provision. Additional cost is determined using a number of risk factors listed on the Risk Factor Table (below). The table is available to all actual and potential subcontractors. It is designed to ensure that the cost of any additional support provided to a subcontractor is covered through the funding retained.

Once the risk band has been identified ('High', 'Medium' or 'Low'), additional support and the subsequent extra fees required will be negotiated with that sub-contractor and may include:

- ☐ Additional site visits
- ☐ Additional lesson observation
- ☐ Additional tutor support
- ☐ More rigorous verification

The Risk Factors will be recalculated and negotiated each year at contract renewal, giving sub contractors the opportunity to reduce their fees through continuous improvement.

The Risk Factor Table

	Risk Score
Previous track record	
Success levels in area of delivery	
Evidence of quality delivery	
Type of provision to be undertaken	
Contract duration	
New sub-contractor to ELATT	

Additional charges per learner

ELATT may also retain funding to cover the cost of any funded activity that it might undertake on behalf of the sub contractor such as:

- ☐ Awarding Organisation fees and charges
- ☐ Hiring of facilities/equipment within/from ELATT
- ☐ Support in recruitment, initial assessment and diagnostic assessment of learners
- ☐ Assessment of learning
- ☐ Shared teaching or other delivery responsibilities e.g. where ELATT provides the teacher for certain elements of the programme
- ☐ Internal Verification

Publication of information relating to sub-contracting

In compliance with Educational Skills Funding Agency (ESFA) and other agency funding rules that apply, ELATT will publish this Sub-contracting Fees and Charges Policy as well as its actual end-of-year sub-contracting fees and charges on its website before the start of each academic year (and in the case of actual end of year data, as required by ESFA). This will only relate to 'provision subcontracting' i.e. subcontracted delivery of full programmes or frameworks. It will not include the delivery of 'service subcontracting' as part of the delivery of a programme (for example, buying the delivery of part of an Apprenticeship framework or outreach support). Provision subcontracting lists will be agreed with local ESFA Officials prior to publication.

ELATT will ensure all actual and potential subcontractors have sight of this policy and:

- The assessment matrix which shows the scores that the sub-contractor must reach to be assessed as high, medium and low risk and what costs would be incurred
- details of any successful completion 'bonuses' where sub-contractors are paid some of the money retained, once it is clear that they will fulfil their contract.
- payment terms between ELATT and subcontractors – timing of payments in relation to delivering provision and timescale for paying invoices and claims for funding received.
- the support subcontractors will receive in return for the fees charged.

This policy will be reviewed in each summer term and updated as required. It will be published on ELATT web site during the July prior to the start of the academic year in which it will be applied. Potential sub-contractors will be directed to it as the starting point in any relationship.

Subcontractor Fees 2015-2016, 2016-2017 and 2017-2018

All contracts run from 1st August to 31st July for each academic year

Subcontractor			Funding paid			Funding retained by ELATT		
	UKPRN	Type	2015-2016 From 01/08/2015 To 31/07/2016	2016-2017 From 01/08/2016 To 31/07/2017	2017-2018 From 01/08/2017 To 31/07/2018	2015-2016 From 01/08/2015 To 31/07/2016	2016-2017 From 01/08/2016 To 31/07/2017	2017-2018 From 01/08/2017 To 31/07/2018
The Bromley by Bow Centre	10000947	Apprenticeships Total	£141,682	£93,266	£22,798	£25,003	£16,458	£4,023
		16-18 Apps	£72,347.	£40,061	£10,217	£12,767.21	£7,069	£1,803
		19+ Apps	£69,334. 43	£53,204	£12,581	£12,235.49	£9,389	£2,220
Paddington Development Centre	10019380	24+ Loans Total	£101,366. 38	£44,900.99	0	£21,758.19	£7,768.43	0
Big Creative Education	10002073	Apprenticeships Total	£34,258	£10,232	0	£8,564.45	£2,558	0
		16-18 Apps	£29,494.	£8,350	0	£7,373.54	£2,087	0
		19+ Apps	£4,763.6	£1,881	0	£1,190.91	£470	0