

Subcontracting Funding Retention and Charges Policy 2020 – 2021

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Lead responsibility	Patricia Carlisle
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Policy applicable to	All subcontractors and their staff
Policy published at	www.merton.gov.uk/adulteducation

Scope

This policy applies to all subcontracting activity supported with funds supplied by the Greater London Authority (GLA) and/or the Education and Skills Funding Agency (ESFA), or any successor organisations. Where a partnership or collaboration is formed, these arrangements should not be confused with subcontracting and they do not fall within the scope of this policy.

Context

This policy is in place to outline our reasons for subcontracting, the measures in place to monitor the quality of our subcontractors, and our retention of funds and charges. The content of this policy has been developed in line with the GLA and the ESFA Funding and Performance Management rules.

A copy of the GLA funding rules for 2019-20 can be found at <https://www.london.gov.uk/what-we-do/skills-and-employment/skills-londoners/adult-education-budget/information-gla-aeb-providers>

A copy of the ESFA funding rules for 2019-20 can be found at <https://www.gov.uk/guidance/sfa-funding-rules>

Our commitment

When working through a subcontractor, we commit to optimise the impact and effectiveness of service delivery to our learners by:

- aligning our processes with the GLA and ESFA requirements,
- undertaking fair and transparent procurement activities which demonstrate value for money, and conducting robust Due Diligence procedures to ensure we commission to the best providers in the field,
- maintaining and publishing a Funding Retention and Charges Policy that relates the Management Fee (i.e. the retained funding) to the costs of the services provided (a copy of the Funding Retention and Charges Policy can be found at www.merton.gov.uk/adulteducation),
- clearly documenting and agreeing with all parties, the Funding Retained and Charges applied to each subcontract,
- submitting any disputes that cannot be resolved between subcontractors to independent outside arbitration or mediation and to abide by its findings.

Rationale for subcontracting

Following an extensive consultation and review process in 2015, the London Borough of Merton took the decision that its Adult Learning Service contract out its provision to local organisations. In arriving at this decision the Council considered that “the commissioning model protects adult education in Merton” and that “this was not a cut to the service beyond any future reduction made by the ESFA” although it did recognise that “this model does not fully protect services from the impact of those cuts. As commissioners the council will be in a position to steer provision and the spread of venues so that the service fully addresses the challenge of “bridging the gap” between east and west. This ability will be maintained.” (*Cabinet Committee minutes, 16th February 2015*).

As a consequence, prospective subcontractors are invited to tender for the delivery of provision and a core team of LBM staff manage the contracts.

Subcontracting enables us to:

- engage with hard to reach learners via partnerships with appropriate community organisations.
- provide a wide range of expertise to meet the skills and learning needs of adults and employers in Merton.
- enable community based organisations to develop the capacity necessary to provide learning programmes to meet the needs of their clients.

Quality assurance

The quality of subcontracted provision will be monitored and managed according to the guidance to be found in LBM’s Provider Handbook, the GLA and ESFA Funding and Performance Management rules, and the Ofsted Inspection Framework. These documents will be supplied to all subcontractors at the start of the contract.

Subcontractors are required to give LBM sufficient evidence to allow us to assess the subcontractors’ performance against the requirements of the documents listed above, and the contract.

Improving our subcontractors’ quality of teaching and learning

LBM ensures subcontractors are included within its quality processes. Subcontractors are supported by the Adult Learning team to maintain the same high quality standards expected across all aspects of the provision.

LBM is committed to continuous improvement and this commitment covers all provision including subcontracted programmes. All subcontracted provision is included in our quality cycle which includes lesson observations, observations of information, advice and guidance, learner feedback, moderation of teaching, learning and assessment, quality assurance monitoring meetings and shared quality improvement plans. LBM supports subcontractors throughout this process to ensure quality provision is being delivered to the high standards expected.

Supporting our subcontractors

To ensure a high quality standard of provision is maintained, MAL works closely with and supports all providers that have been subcontracted for delivery.

All contract agreements outline the processes and procedures for our subcontracted provision, as well as the roles and responsibilities for both parties. MAL provides ongoing support to subcontractors during their contracts. Details of the support provided and the costs for this are listed in the table below.

Setting funding retained and charges

Our standard management fee will be 15% of all funding drawn down against the provision to be delivered. This amount represents the costs that we incur in identifying, selecting, managing and administering all subcontracted provision. It is based on the amount of quality assurance activity that would attach to the lowest possible risk subcontractor.

Further charges may be added to the standard fee to cover additional costs that we consider necessary. These costs are usually costs that are necessary to ensure the quality of teaching and learning based on our assessment of risk.

Examples of additional costs that may result from a medium or high risk rating are:

- additional site visits,
- additional lesson observations,
- additional support for delivery staff,
- more rigorous verification.

Occasionally, additional costs may result from additional administration or compliance or from the provision of bespoke services by LBM to the subcontractor (for example provision of resources, internal verification, awarding body fees, student support costs).

Support area	Support provided	Overall ESFA funding retained costs	Overall GLA funding retained costs
Quality Assurance MAL ensures a high standard of the quality of provision through a robust management and monitoring process	<ul style="list-style-type: none">• regular quality and contract meetings• monitoring visits• in partnership with the subcontractor, observations of teaching, learning and assessment and the sharing of effective practice• review of initial assessment processes to ensure they are robust and fit for purpose• RARPA checking, including the review of Individual Learning Plans (ILPs) and learner progress	£3303.90	£122451.93

	<ul style="list-style-type: none"> • monitoring of learner voice including tracking learner survey and attending forums • compliance eligibility and checking • performance management • checking and review of forms and other documents associated with the confirmation and eligibility to study and enrolment of learners • checking of registers and attendance • monitoring of retention and achievement 		
<p>Administration, MIS and Finance MAL provides data analysis and tracking support to ensure providers are on track to meet their contract, and are paid appropriately</p>	<ul style="list-style-type: none"> • audit of the ILR returns to ensure that they are accurate and complete and providing assistance on funding and eligibility queries • ILR submission and error tracking / corrections support • producing regular monitoring reports to share with the subcontractor • data support • contract administration • production of earnings statements and invoice payment 	£1101.30	£40817.31
<p>Leadership and Management MAL ensures the provision meets the strategic objectives of the service</p>	<ul style="list-style-type: none"> • provider induction • collaboration of the self-assessment process and the production of a thorough self-assessment report and quality improvement plan • monitoring delivery to ensure that it meets the terms of the contract • identifying and collaborating on training opportunities • provision of a provider handbook and policies • SCR checking • safeguarding awareness • advisory panel meetings • communication of key strategic information, sector and funding updates 	£1101.30	£40817.31

Subcontractors are required to:

- ensure learners receive high quality, impactful learning and that high levels of achievement are sustained
- always have suitably qualified staff available to provide the education and training LBM funds
- provide access to staff and classes as part of monitoring visits
- attend monitoring and contract meetings
- ensure learners are informed of the subcontract relationship with LBM
- ensure a safe and inclusive learning environment for all learners
- make available on request all forms and other documents, including enrolment forms, associated with the eligibility to study and enrolment of learners
- make available on request all initial assessment documents and ILPs
- make available on request all registers and achievement records
- work with LBM on the production of a thorough self-assessment report
- provide complete and error-free ILR data according to the schedule (see below)
- co-operate with LBM to make sure there is a continuity of learning if the subcontract ends for any reason
- tell us if evidence of any irregular financial or delivery activity arises. Irregular activity could include, but is not limited to: non-delivery of training when funds have been paid, sanctions imposed on the delivery subcontractor by an awarding organisation, an inadequate Ofsted grade, complaints or allegations by learners, people working for the delivery subcontractor or other relevant parties, and allegations of fraud

Assessing risk

We use the following standard factors to assess the risk rating of each subcontractor:

- previous experience in the area of delivery
- evidence of quality of delivery e.g. achievement rates, Ofsted reports
- type of provision to be undertaken
- contract duration
- new subcontractor to LBM
- feedback from referees about working relationships
- CVs of staff to be involved in the delivery
- quality of physical resources.

Each category will be assessed as HIGH, MEDIUM or LOW. Where any category has a score other than LOW then an additional charge will be calculated.

In the event of the subcontractor being unable to complete their contract, LBM will endeavour to ensure minimum disruption to students whilst alternative arrangements are secured in line with the contingency plans that relate to the contract.

Payment terms

All subcontractor payments will be calculated as a percentage of the funding generated by actual activity recorded in LBM's Individualised Learner Record (ILR) data and paid within 30 days of receipt of a valid claim for payment. Claims will only be valid when contractors have fulfilled the terms of their contract and dependant on adequate provision of supporting evidence. LBM will generate a statement of funding earned by a subcontractor against which an invoice can be submitted.

To ensure payment can be made in the correct period, error-free data must be received no later than the last date for subcontractor to submit ILR data. Data that is submitted after this date, or submitted with error, is likely to miss the payment for that month. See the schedule below.

Return	Return date	Last date for subcontractor to submit ILR data
R01	04/09/2020	25/08/2020
R02	06/10/2020	25/09/2020
R03	05/11/2020	27/10/2020
R04	04/12/2020	25/11/2020
R05	07/01/2021	18/12/2020
R06	04/02/2021	26/01/2021
R07	04/03/2021	23/02/2021
R08	08/04/2021	30/03/2021
R09	07/05/2021	28/04/2021
R10	04/06/2021	26/05/2021
R11	06/07/2021	25/06/2021
R12	05/08/2021	27/07/2021
R13	14/09/2021	03/09/2021
R14	21/10/2021	12/10/2021

Sharing information with subcontractors

We commit to ensuring that all potential subcontractors have sight of this policy and any other relevant documents as part of the Tendering and Due Diligence process.

We share with our subcontractors what they need to do in order to reduce their Risk Rating.

Publication of information relating to subcontracting

In compliance with the GLA and the ESFA (and other Agency) rules that apply, we publish this Funding Retained and Charges Policy on our website:

www.merton.gov.uk/adulteducation

We intend to publish actual end of year subcontracting funding retained and charges, as required by the GLA and the ESFA at:

www.merton.gov.uk/adulteducation

This relates only to “provision subcontracting” i.e. subcontracted delivery of full programmes or frameworks; it does not include 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). Provision subcontracting lists will be agreed with local GLA and ESFA officials prior to publication.

Communication

This policy is reviewed each year and updated as required. It will be published on our website. Potential subcontractors will be directed to it at the starting point in any relationship. Existing subcontractors will be sent a copy of the policy annually.

List of Subcontractors

2018-2019

- South Thames College Group (Merton College)
- Richmond and Hillcroft Adult Community College (RHACC)
- Global Solution Services (GSS)
- May Garden Project
- BSP Training Solutions
- Need2Succeed

2019-2020

- South Thames College Group (Merton College)
- Richmond and Hillcroft Adult Community College (RHACC)
- Global Solution Services (GSS)
- Adult Training Network (ATN)
- City Literary Institute (City Lit)
- MI ComputSolutions
- The Assessment Training Centre (TATC)

2020-2021

- South Thames College Group (Merton College)
- Richmond and Hillcroft Adult Community College (RHACC)
- Global Solution Services (GSS)
- Adult Training Network (ATN)
- City Literary Institute (City Lit)
- MI ComputSolutions
- The Assessment Training Centre (TATC)
- Merton Home Tutoring Service (MHTS)