

# Ealing Adult Learning

# Subcontracting Fees & Charges Policy 2018-19

Prepared by: Adult Learning  
Manager & Curriculum and Quality  
Development Manager  
Date Updated: Sept 2018  
Review Due: August 2019



Education & Skills  
Funding Agency



# **Ealing Adult Learning Sub-contracting (Fees & Charges) Policy**

## **Aim**

This policy aims to clarify the arrangements of fees and charges with those organisations that have sub-contracting agreement with Ealing Adult Learning. Full details of sub-contracting arrangements are given in the Service Level Agreements that are made with individual sub-contractors.

This policy will be published in accordance with the requirements of our funder, the Education and Education and Education and Skills Funding Agency, and will be reviewed annually.

## **Scope**

This policy applies to all supply chain activity supported with funds supplied by 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.

ESFA definition of a subcontractor "is a separate legal entity that has an agreement with you to deliver any element of the education and training we fund, or which is funded through Advanced Learner Loans. A separate legal entity includes companies in your group, other associated companies and sole traders. It also includes individuals who are self-employed or supplied by an employment agency, unless those individuals are working under your direction and control, in the same way as your employees. This definition includes companies that are delivering education and training via the internet and other forms of distance learning, even if the materials were originally authorised by you or you grade learner's assignments."



Education & Skills  
Funding Agency



## Context

The 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 ESFA funding rules and supply chain management. The [ESFA funding rules for 2018-19](#) are accessible online.

## Our commitment

When working through a sub-contractor, we commit to optimise the impact and effectiveness of service delivery to the end user by:

- aligning our processes with supply chain management
- undertaking fair and transparent procurement activities.
- Conducting robust due diligence procedures
- Maintaining and publishing a fees and charges policy that relates the management fee (i.e. the retained funding) to the costs of the services provided.
- Clearly documenting and agreeing with all parties, the fees and charges applied to each sub-contract,
- Submitting any disputes that cannot be resolved between supply chain partners to independent outside arbitration or mediation and to abide by its findings.

## Subcontracting Rationale

Ealing Adult Learning has a tradition of working in partnership with organisations across the borough, including schools and children's centres. These partnerships extend the reach of adult learning into the community, and make courses accessible to people and families who may not otherwise be able to access them. Partnerships which reach targeted groups in the community may become sub-contractors through the Ealing Adult Learning Allocations policy and cycle. This process supports potential delivery partners in applying for funding from EAL, and through which they can bid to be a sub-contracting partner with Ealing Adult Learning. For more information about our application process and policy, or to receive Guidance or an application form, please use the link on our website or email [adultlearning@ealing.gov.uk](mailto:adultlearning@ealing.gov.uk).

Partnerships may also be established through the sub-contracting of provision to a delivery partner who is able to offer a specialist provision, or is able to respond at short notice to demand, and in doing so is able to offer even greater value for money.

As such, we will work through a sub-contractor only when:

- The proposed delivery has clear strategic fit,
- There is sufficient curriculum/delivery expertise within EAL to quality assure the provision,
- The proposal addresses areas that EAL consider to be a priority,
- There is sufficient staff resource in support areas to administer the processes
- There is clear value for money
- The subcontractor is approved via our Due Diligence process (see below)
- There is sufficient funding available within our funding contract (if applicable)
- The subcontractor agrees to work within the terms of our contract.

We may work through a sub-contractor if:

- There is insufficient capacity/resource within EAL to deliver
- EAL do not consider that the long-term demand is sufficient to establish our own infrastructure,
- We are unable to respond to a deadline ourselves,
- A project is discrete and time bound,
- The start-up costs for in-house delivery are prohibitive
- It is considered that the provision is best delivered independently of EAL,
- Sub-contracted delivery is in the best interests of the students
- It provides an opportunity to test a new area/market
- It provides an opportunity to reduce risk exposure,
- It affords a suitable route for expansion in a new area/market
- It provides an opportunity to access a new market that we are unable to access via direct delivery.

### **Quality assurance (QA)**

Subcontracted activity is as important as directly delivered provision. The quality of provision will be monitored and managed through existing EAL QA processes and procedures. The policy positions sub-contracted provision as a core part of our activity to enable continuous improvements in the quality of teaching and learning for both EAL and our sub-contractors. This is achieved through the sharing of effective practice across our supply chain, for example through the self-assessment process and via a programme of on-going monitoring visits.

### **Subcontracting Fees and Charges**

Ealing Adult Learning will charge a management fee of the funding drawn down from the Education and Education and Skills Funding Agency against the provision



Education & Skills  
Funding Agency



that is to be delivered. The level of the management fee depends upon the degree of support that the deliver partner and subcontractor requires. The fee is intended to cover the costs of:

- administration
- quality assurance including lesson observations
- MIS functions and reporting
- provision of management meetings
- provision of a dedicated programme manager
- regular site visits
- curriculum planning advice
- training for staff
- sharing of innovative practice

A typical rate will be a 15% management fee for courses funded through the Adult Skills Budget, although the full payment terms will be detailed in the Service Level Agreement.

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 EAL to the subcontractor (for example provision of resources, internal verification, awarding body fees, student support costs). Details of all additional services are documented in the service level agreement.

#### Assessing risk

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

- previous experience of delivery,
- evidence of quality of delivery e.g. Success rates, Ofsted reports,

- type of provision to be undertaken,
- contract duration,
- new sub-contractor for EAL
- feedback from referees about working relationships,
- CV's of staff to be involved in 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 sub-contractor being unable to complete their contract, EAL will endeavour to ensure minimum disruption to students whilst alternative arrangements are secured in line with the contingency plans that relate to the contract.

There may be additional charges made to the learner, to cover such items as Awarding Body fees and administrative fees, and these payments will be agreed in advance with the subcontractor.

### **Payment terms**

Subcontractor payments will be calculated as a percentage of the funding generated by actual activity recorded in EAL's Individualised Learner Record (ILR) data and paid within one month of the published ILR return dates for ASB provision. Payments will be tracked on a rolling profile, to reflect and changes to learner records such as deletions or withdrawals. For Community Learning, sub-contractors will be on a specific agreed payment basis for a set amount for an agreed minimum number of learners.

To ensure can be made in the correct period, evidence of any enrolment, transfer, withdrawal or achievement must reach EAL no later than 15 working days prior to the return date. Evidence that is submitted after this date, or submitted with error, is likely to miss the payment for the month.

### Sharing information with sub-contractors

We commit to ensuring that all potential sub-contractors have sight of this policy and any other relevant documents in advance of the tendering and due diligence. We share with our sub-contractors what they need to do in order to reduce their risk rating. A new risk assessment is carried out each year for

each subcontractor and the charges for the forthcoming year are adjusted accordingly.

### **Publication of information relating to sub-contracting**

In compliance with ESFA (and other agency) rules that apply, we publish this fees and charges policy before the start of each academic year on our website. We intend to publish actual end of year sub-contracting fees and charges, as required by ESFA. This relates only to "provision sub-contracting" i.e. sub-contracted 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 ESFA officials prior to publication.

In addition, to our fees and charges policy, we also publish our actual funding paid to sub-contractors by the service on our website. This is also in accordance with ESFA (and other agency) policy.

### **Communication**

This policy is reviewed each year and updated as required. It will be published on our website prior to the start of the academic year in which it will be applied. Potential sub – contractors and community partners will be directed to it at the starting point in any relationship.

Ealing Adult Learning – Sub-contracting Actual Funding paid academic years 2016-17 & 2017-18

In academic years 2016-17, Ealing Adult Learning (EAL) subcontracted out the delivery of some of its Community Learning and ASB Classroom based (now Adult Education Budget -AEB). These were set up and delivered in line with EAL's Supply chain fees and charges policy which can be found here.

As per ESFA requirements please see actual funding paid to sub-contractors:

| EAL to Sub-Contractor               | Sub-Contractor's UKPRN | Contract start | Contract end | Type of provision                            | Total payments | Agreed % to sub-contractor |
|-------------------------------------|------------------------|----------------|--------------|--|----------------|----------------------------|
| Ealing school of Languages          | 10041197               | 01/8/17        | 31/7/18      | Formerly Community learning                  | £24,727        |                            |
| Centre for Armenian Info and Advice | 10041445               | 01/8/17        | 31/7/18      | Formerly Community learning                  | £1321          | N/A                        |
| SMAT Consultancy                    | 10029385               | 01/8/17        | 31/7/18      | Apprenticeships 19+ (Excluding trail blazer) | £6500          |                            |
| Ealing school of Languages          | 10041197               | 01/8/16        | 31/7/17      | Formerly Community learning                  | £19477         |                            |
| Centre for Armenian Info and Advice | 10041445               | 01/8/16        | 31/7/17      | Formerly Community learning                  | £1321          | N/A                        |
| SMAT Consultancy                    | 10029385               | 01/8/16        | 31/7/17      | Apprenticeships 19+ (Excluding trail blazer) | £5514.40       |                            |
| Social works ltd                    | 10043670               | 01/8/16        | 31/7/17      | Apprenticeships 19+ (Excluding trail blazer) | £1938.18       |                            |

The policy is now mandatory requirement that must be in place prior to participating in any sub-contracting activity from 1 August 2018. The content of this policy has been developed in line with ESFA funding rules and supply chain management.