




**Durham County Council**  
**Adult Learning & Skills Service**  
**Supply Chain Fees and Charges Policy**  
**2018/19**

Policy Review Date	August 2019
Signature:	



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# Durham County Council Adult Learning & Skills Service

## Subcontracting (Fees and Charges) Policy

### 1. Purpose

The purpose of this policy is to ensure transparency and accountability in terms of supply chain activity carried out by Durham County Council's Adult Learning & Skills Service, in line with the Education & Skills Funding Agency (ESFA) mandatory requirement that such a policy is in place prior to any provision subcontracting activity taking place in 2018/19.

### 2. Scope

This policy applies to all supply chain activity supported by funds supplied by the ESFA, or any successor organisations.

### 3. Reasons for subcontracting

In order to achieve our aims and objectives, the Service seeks to ensure an appropriate balance of internal delivery and commissioned provision. We directly deliver provision when we have the skills and expertise to ensure delivery is good or outstanding. Our decision-making on when to commission provision is guided by the following principles:

- **Provider Scope** - the needs of County Durham Adults and Families is diverse, therefore commissioning will be undertaken when this expands the expertise of the service to meet the skills and learning needs of adults and employers in the county.
- **Specialism** - specialist providers will be commissioned to offer unique training and focus on particular sector subject areas/priority groups where they have an additional level of expertise and a proven track record.
- **Supporting geographic coverage** – providers will be commissioned where this expands the availability of provision in community venues which can add value to adults and their families and support engagement of our target groups, particularly in rural communities.
- **Responsiveness and flexibility** - subcontracting will also be utilised when it allows the service to more readily and quickly respond to emerging markets, changes in national and local priorities (such as benefit changes) and respond to available growth from the ESFA.

The Adult Learning & Skill Service recognise the broader benefits of commissioning provision, which include:

- **Growing Quality Providers** - small and new providers are supported in capacity building by the Adult Learning & Skills Service as an established provider. Through the provision of guidance, quality assurance, professional development and the sharing of best practice, subcontractors are supported to develop their own infrastructure to support business growth. Subcontracting with the third sector enables community based organisations to develop their capacity to provide learning programmes to better meet the wider needs of their clients.
- **Supporting collaboration** - subcontracting supports collaboration across the sector through subcontracting by encouraging bidding by Consortia, Partnerships, Joint Ventures and Special Purpose Vehicles. The quality assurance and contract management process additionally bring together providers to share best practice and encourage joint working, where appropriate.

#### 4. Quality Assurance of subcontracted provision

The Adult Learning & Skills Service is fully committed to the continuous improvement of all its direct teaching and learning practices and extends this commitment to all subcontractors who deliver on its behalf.

Subcontracted providers are contractually required to meet the Adult Learning & Skills Service's quality assurance standards. The Adult Learning & Skills Service will promote continuous improvement through monitoring, support and challenge as appropriate. This will include:

- Regular contract monitoring meetings to include checks on all aspects of quality assurance
- All tutors who deliver the provision scheduled for observations of their teaching and learning practices (OTLA)
- 'Drop in' visits to subcontractor delivery premises to check on delivery and speak to learners and tutors
- An invitation to all subcontractors for their staff to attend the Adult & Learning Skills Service quality assurance training events
- Carrying out regular quality audits on course paperwork including schemes of work, session plans and individual learning plans
- Monitoring provider performance against agreed targets for participation, retention, achievement and progression
- Reviewing content and completion of provider Self-Assessment Reports (SAR) that feed into the Adult Learning & Skills Service
- Producing and monitoring a Quality Improvement Plan that encompasses subcontracted delivery. Ensuring that actions contained within the Quality Improvement Plan are implemented
- Ensure that the learner and employer voice is captured and contributes to quality improvement by analysing data from learner evaluation forms submitted by subcontracted providers.

#### 5. Subcontracting Fees & Charges

In compliance with the ESFA and other agency rules that apply, the Adult Learning & Skills Service will publish its fees and charges policy and actual end-of-year subcontracting 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 within 30 days of the 2018 to 2019 ILR closing.

**The Adult Learning & Skills Service will charge a management fee for all subcontracted activities of 20%. The fees charged reflect the cost of the commissioning and procurement process, capacity development, quality support and administration and management of subcontracts. Adult Education Budget delivery will be funded at 80% of the Matrix Weighted value available on the HUB.**

<https://hub.fasst.org.uk/Learning%20Aims/Pages/default.aspx>

## 6. Additional Charges

Further charges to cover the cost to the Adult Learning & Skills Service of any additional support that the Adult Learning & Skills Service deems necessary to ensure the quality of teaching and learning and the success rates of any subcontracted provision, may be added with advance notice.

The precise additional support given to each subcontractor will be based on a 'risk band' approach and may include:

- Additional site visits
- Additional lesson observation
- Additional tutor support
- More rigorous verification
- Additional charges per learner

The Adult Learning & Skills Service may also retain funding to cover the cost of any funded activity that it might undertake on behalf of the subcontractor such as:

- Awarding Organisation fees and charges
- Hiring of facilities/equipment within/from the Adult Learning & Skills Service
- Internal Verification

## 7. Programme weightings and funding rates for non-regulated former Community Learning

### Programme Weightings

Durham County Council Adult Learning & Skills Service applies the following programme weightings to non-regulated former Community Learning provision.

Low	Provision <b>not</b> requiring any specialist equipment/resources and <b>not</b> supporting learners with complex needs.
Medium	Provision requiring specialist equipment/resources but <b>not</b> supporting learners with complex needs.
High	High needs provision <b>requiring</b> additional staff and/or specialist equipment/resources <b>and</b> supporting learners with complex needs.

### Funding Rates

The maximum funding rates for non-regulated former Community Learning the Adult Learning & Skills Service will pay for delivery costs per learner are set out in the table below. Courses where costs **exceed these amounts** will not be considered for funding. Where a course cost exceeds these maximum Funding Rate amounts then the cost of the course(s) will be deducted from the Overall Delivery Costs submitted by the subcontractor.

Learning Hours	Programme weighting (PW)		
	Low	Medium	High
	Funding Rate	Funding Rate	Funding Rate
3 to 4	£27	£33.75	£40.50
5 to 6	£46	£57.50	£69.00
7 to 12	£65	£81.25	£97.50
13 to 20	£130	£162.50	£195.00
21 to 44	£195	£243.75	£292.50
45 - 50	£390	£487.50	£585.00
51 - 59	£585	£731.25	£877.50
60+	£780	£975.00	£1,170.00

## 8. Support provided to subcontractors

All subcontractors will be supported throughout the duration of the contract. A Contract Manager will be appointed to each subcontractor and they will be the main point of contact. Good two-way communication will be promoted at all times and the Contract Manager will arrange visits outside of the scheduled arrangements to address any issues that may arise.

The mix, balance and level of support for each subcontractor will vary depending on the specific needs of the subcontractor including but not limited to:

- Carrying out all due diligence processes relating to subcontractors.
- Carrying out all internal audits relating to document control.
- Leading on all internal audits relating to each subcontracted organisation.
- Drawing up and agree all contracts and amendments.
- Providing funding calculations relating to each provider
- Evaluating course reviews.
- Evaluating learner and employer feedback.
- Assisting subcontracted providers in completing their SAR that feeds into the Adult Learning & Skills Service SAR.
- Developing practice in conjunction with funding regulations
- Implementing the Adult Learning & Skill Service quality framework
- Undertaking short notice and unannounced observations of teaching, learning and assessment on all tutors delivering on subcontracts
- Providing CPD Opportunities and planned training and development
- Contract and performance monitoring
- Financial management
- Developing and reviewing quality management systems
- Management information services and data control advice. Inputting data and submitting monthly ILR claims
- Audit of management systems and delivery

- Support with EFA/SFA funding rules / regulations interpretation and compliance
- Equality and diversity support
- Administration of the AGE Grant process
- Administration of 24+ Advanced Learning loans
- Administration of Discretionary Learner Support Funds
- Celebrating learner achievement
- Evaluating learner and employer feedback.
- Assisting sub-contracted providers in completing their SAR that feeds into the Adult Learning & Skills Service SAR.

## **9. Payment Arrangements**

The Adult Learning & Skills Service agrees contracts and details of payment schedules prior to the delivery of provision by subcontractors. Subcontracted provider payments are tied to the delivery of specific outputs within a strict and defined timeframe. Providers must show evidence of their delivery by submitting on time the required data and documentation outlined in their payment schedules.

### **Payments are made in five stages:**

#### **First Payment, Advance for Development costs:**

The first payment is an advance to support any costs that relate to the overall development of all the courses within your application. The maximum paid per year as an advance is 10% of the overall cost for the contract period. Any costs over this 10% will not be considered. Providers must have attended a full pre-contract meeting and all met all due diligence requirements including but not limited to tutor qualification details, DBS information, and Health & Safety documentation. Providers must also submit a fully completed delivery profile containing agreed recruitment milestones.

#### **Second payment:**

The second payment will be for on-programme payments when 30% of the overall recruitment target has been reached. Providers must have completed and submitted specified ILR information to demonstrate 30% of the total contracted number of learners have enrolled and are on programme.

#### **Third payment:**

The third payment will be for on-programme payments when 50% of the overall recruitment target has been reached. Providers must have completed and submitted specified ILR information to demonstrate 50% of the total contracted number of learners have enrolled and are on programme.

#### **Fourth payment:**

The third payment will be for when 100% of the overall recruitment target has been reached.

It must be claimed by the date provided on individual providers' payment structure and evidence must be submitted by this date.

Providers must have completed and submitted specified ILR information to demonstrate 100% of the total contracted number of learners have enrolled and are on programme.

#### **Final payment:**

The final payment will be commensurate to achievement of key targets (i.e. Recruitment, Retention, Success and Progression). Providers must have submitted completed specified ILR information to demonstrate completion/achievement of the total contracted number of learners enrolled on the

programme. This payment is also subject to the submission of an annual self-assessment report on the template provided by the Adult Learning & Skills Service. Final payments will not be made until all data has been validated through the MIS system.

All payments will be triggered via invoice and accompanying validated evidence of delivery. Invoices will contain the provider order number of the associated schedule and a payment made by BACS within 30 days of date invoice was received.

The Adult Learning & Skills Service expects that subcontractors will participate in the assessment of accuracy of payments and review remittance advice to ensure there are no inaccuracies.

## **10. Contingency Plan**

All learners who are provided with education and training under an agreement between the Adult Learning & Skills Service and a subcontracting organisation remain the responsibility of the Service.

The Service will follow robust pre-contracting processes and procedures to ensure the quality and stability of potential subcontracting organisations.

The Service mitigates risks by:

- Commissioning local providers
- Commissioning provision for local needs
- Setting funding maximums for subcontracted provision

In the event of the following, the Adult Learning & Skills Service will be responsible for making alternative arrangements for the delivery of education and training:

- The Adult Learning & Skills Service withdraws or terminates a subcontract arrangement, or
- A subcontractor withdraws from the arrangement, or
- A subcontractor goes into liquidation or administration

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

- Taking on the provision from the subcontractor for the remainder of the contract period where resources and capacity permits
- Using other existing subcontractors where provision matches
- Using other local FE providers

Continuity of learning and minimum disruption to learners is of paramount importance, we will try our best endeavours to relocate current learners in comparable local provision, in order to ensure that the learners are not disadvantaged, are safeguarded and receive good value for money.

## **11. Policy Review**

The policy will be reviewed at least annually in October of each year. The policy is communicated to providers at pre-contract meetings and any changes to the policy will be notified to subcontractors as part of their regular performance review or via separate correspondence.