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## LONDON LEARNING CONSORTIUM SUBCONTRACTING AND FEES POLICY

<b>Policy Number</b>	
<b>Person responsible for ensuring this policy is implemented and reviewed in line with the dates below:</b>	<b>Tom Barlow</b>
<b>Policy approved by</b>	
<b>Date policy was reviewed</b>	<b>21<sup>st</sup> October 2022</b>
<b>Next review date</b>	<b>July 2023 UPDATE</b>

NB: Significant changes to document from version 2021/2022

- *No significant changes*

# Supply Chain Charges and Fees Policy

## 1. SCOPE

- 1.1 This policy statement details how London Learning Consortium will apply fees and charges to contracts with organisations that are subcontracted to deliver education services on London Learning Consortium's behalf.
- 1.2 This document outlines London Learning Consortium's Supply Chain Charges and Fees Policy for the 2022/2023 academic year.
- 1.3 This policy is published in line with ESFA requirements stated in Funding Rules 2022/2023.
- 1.4 This policy is published in line with London Learning Consortium's statement of Curriculum Intent 2022/2023.

## 2. DISCLAIMER

- 2.1 London Learning Consortium reserves the right to amend its subcontracting arrangements at any time in accordance with the terms and conditions contained in its standard contract for subcontracted provision.

## 3. POLICY DETAILS

### 3.1 Reasons for Subcontracting

- 3.1.1 Subcontracting to our Voluntary and Community Sector learning providers and other learning and skills delivery partnerships allows us to support the most disadvantaged groups and deliver services in a holistic manner.
- 3.1.2 Subcontracting, in particular to deliver niche provision, ensures that London Learning Consortium offers a diverse range of high quality of teaching and learning provision in specialist areas which aligns with our curriculum intent.
- 3.1.3 Subcontracting ensures cost effectiveness of programme delivery on occasions when it may be desirable for London Learning Consortium to run certain programmes but it is not viable for London Learning Consortium to build up in-house resources and expertise.
- 3.1.4 Subcontracting contributes towards the sustainability of London Learning Consortium's provision overall, as it helps London Learning Consortium to respond flexibly to changing market demands and emergent opportunities.
- 3.1.5 Subcontracting widens the range of training and progression opportunities for learners, to meet their own as well as local economic, skills and social needs in alignment with our curriculum intent.
- 3.1.6 Subcontracting provides good development opportunities for both London Learning Consortium and its Subcontractors, to share good practice and new ways of working.

### **Process and Assurance**

3.1.7 Subcontractors are selected using a standardised due diligence process that is designed to support our rationale for subcontracting and provide assurance to our Board, Stakeholders, and Funders.

3.1.8 It is our policy and practice that any and all subcontracting adheres to funding and audit compliance rules and we assert the right to administer and implement any and all necessary monitoring and controls to ensure that is so.

### **3.2 London Learning Consortium's contribution to improving the quality of teaching and learning**

3.2.1 London Learning Consortium ensures that subcontractors are included in London Learning Consortium's quality cycle and are guided and supported by London Learning Consortium to follow this process.

3.2.2 London Learning Consortium provides mandatory training to subcontractors that includes CPD focused on improving the quality of teaching, learning and assessment, writing Self-Assessment Reports (SAR) and Quality Improvement Plan (QIPs).

Subcontractors then present the completed SAR and QIP in a meeting with London Learning Consortium's Senior Management. Any actions arising are addressed in the cooperation between London Learning Consortium and the subcontractor.

3.2.3 Subcontractors are expected to hold course centre approval in their own right and fully liaise with the awarding bodies. However, London Learning Consortium will regularly review External Moderator reports submitted by subcontractors and monitor any follow-up required.

3.2.4 London Learning Consortium regularly validates the outcomes of subcontractors' own quality monitoring processes.

### **3.3 Fees Retained by London Learning Consortium**

3.3.1 The management fee charged by London Learning Consortium is calculated as a percentage of the total delivery value agreed with the subcontractor, subject to contract value. In specific circumstances, we may also agree a fixed rate outcome related payment methodology.

3.3.2 The typical percentage range of fees retained by London Learning Consortium to manage subcontractors is between 20% and 30%.

3.3.3 The management fee is calculated using risk assessment of the following factors :

- Track record of the subcontractor with regard to meeting success and funding targets
- Length and history of previous contract relationship with London Learning Consortium
- Financial standing of the subcontractor
- Anticipated demands of the contract on London Learning Consortium's resources

### Support and Monitoring Fee

A Support and Monitoring Fee will be retained by London Learning Consortium in line with the Subcontracting and Fees Policy as shown on the London Learning Consortium's website, policy section.

In return for the support and monitoring fee charged by London Learning Consortium, subcontractors will have their individual contracts section with the relevant percentages completed which will total between 20% to 30%. The breakdown of how this fee will be administered is in line with the table below:

Area of Support	% of Fee
Provide quality control over data submitted and input into data systems. Provide ongoing administration support including in-depth checks of evidence submitted and regular feedback on issues identified	36
MIS services including submitting ILR data to the ESFA, ongoing data checks and support to resolve queries, prepare PFR reports and upload to Sharepoint	8
Prepare financial reports and make subcontractor payments	8
Undertake contract management (regular review meetings with progress reports, Regular monitoring visits, ongoing support, specialised meetings as required i.e. SAR, contract compliance auditing (desk-top and on site)	30
Undertake lesson observations and quality monitoring visits	12
Provide Continued Professional Development (audit compliance training, RaRPA, Self-Assessment Reports)	6

### 3.4 Support for Subcontractors

3.4.1 In return for the management fee charged by London Learning Consortium, subcontractors will receive:

- Advice and guidance at pre-contract stage
- Regular review meetings with progress reports
- Specialised meetings as relevant such as SAR presentation or contract planning meeting
- Regular monitoring visits with detailed feedback identifying good practice and areas for improvement
- Mandatory audit compliance training delivered through workshops and on an individual subcontractor basis
- Self-Assessment Report training
- CPD training to improve the quality of teaching, learning and assessment
- Ongoing administration support including in-depth checks of evidence submitted and regular feedback on issues identified
- Input of learner and programme documentation submitted
- Submissions of data to funding organisations
- Regular financial reports to inform contract performance monitoring
- Ongoing data checks and support to resolve data queries
- Ongoing support to address any areas for improvement

### 3.5 Payment Terms between London Learning Consortium and its Subcontractors

3.5.1 Payment shall only be made for learning aims approved by London Learning Consortium and outlined within Appendix 1 of the Contract. Any learning aims delivered outside of this are done at the subcontractor's own risk.

- 3.5.2 Payments will only be made once the funding for activity has been received by London Learning Consortium from the relevant funding body.
- 3.5.3 Payments to subcontractors are calculated on a monthly basis, taking into account the learners on programme, their qualifications, the funding generated to date, and any adjustments and payments to date.
- 3.5.4 In exceptional cases, London Learning Consortium may agree profile-based payments with the subcontractor, with regular reconciliations against actual funding. However, this approach is entirely at London Learning Consortium's discretion.
- 3.5.5 For any funding to be generated for a given month, subcontractors are required to submit fully audit compliant enrolment, on programme, and achievement evidence by a cutoff date specified in the Providers' Timetable (Appendix 3 of the Contract) for the current contract year. This is to ensure that the data is processed by London Learning Consortium in time for the monthly ILR return and the subsequent funding calculation.

**LATE SUBMISSION OF DATA AND AUDIT COMPLIANT DOCUMENTS IS LIKELY TO RESULT IN EITHER DELAYED OR NON-PAYMENT TO SUBCONTRACTORS**

- 3.5.6 After each monthly payment, London Learning Consortium will send monthly financials to subcontractors, confirming the amounts due / paid.
  - 3.5.7 There are potential funding capping points set by the funding bodies throughout the contracting year. If profiled allocations are exceeded, payments will be capped in line with the withholding of payments by the funding bodies. Payment of capped amount will be dependent on the release of funds by the funding body.
  - 3.5.8 Full details of payment arrangements are included in each subcontractor's contract. These include the detailed schedule for evidence submission and monthly financials deadlines, with specific dates for each month.
  - 3.5.9 London Learning Consortium may withhold payment if there are quality, compliance and / or paperwork issues which have a funding and outcomes impact.
  - 3.5.10 A progression fee for learners in line with the Payments and Reconciliation Appendix 4 within the contract.
  - 3.5.11 London Learning Consortium will claw back any overpaid amounts or disallowed funding as a result of compliance and audit checks undertaken by London Learning Consortium and / or the relevant funding organisations.
- 3.6 Co-funded Learners**
- 3.6.1 Dependent on the learner status and funding levels, some learning undertaken may be co-funded. In this event, the subcontractor will be expected to make the learner aware that they will be responsible for the non-funded element of the learning aim(s) being undertaken.
  - 3.6.2 No training should be undertaken until the co-funded element has been agreed to be paid by the learner and an initial contribution in line with the payments and reconciliation appendix within the contract.

3.6.3. Failure of the learner to make payments may result on the earner not be supported for funding and any activity undertaken by the subcontractor prior to fees being received is being done at the subcontractor's own risk.

**3.7 Policy Dissemination**

3.7.1 This policy will be disseminated to current subcontractors via email and a website link.

**3.8 Policy Review**

3.8.1 This policy will be reviewed at least annually and in addition in-year as needed to reflect any changes in GLA / ESFA funding rules.

3.8.2 Any changes to this policy that are required mid-contract will be discussed with subcontractors and any necessary contract variations issued.

**3.9 Policy Publication**

3.9.1 This policy will be published on London Learning Consortium's external website and also on London Learning Consortium's staff intranet.

**4. AGREEMENTS WITH SUBCONTRACTORS**

All subcontractors must have signed a legally binding written contract.

Prior to any subcontract being signed, London Learning Consortium will complete a comprehensive due diligence process including financial, quality, staffing, health & safety, and exam board approval checks. No subcontractor will be engaged if they have received an adverse risk warning from a credit agency, if their most recent accounts are overdue, or if they are in a process which could lead to them entering administration or being wound up.

When signing the subcontract, London Learning Consortium's signatory must also sign to the effect that she / she is satisfied the proposed subcontractor is high quality and low risk.

All subcontractors must be legal entities. All ESFA funded subcontractors with annual contracts over £100k must be on the Register of Training Organisations.

The subcontract will specify that the subcontractor must meet the relevant funding bodies' regulations and will include any contract terms specifically required by the funding bodies. Double funding is not permitted.

No second level subcontracting will be permitted without the written permission of both London Learning Consortium and the funding body.

Learning London Consortium will audit subcontracted learning to ensure the programmes are learners meet the evidence requirements of the relevant funding regulations. These audit visits will check learner existence, eligibility and attendance, education, health & care plans, and will include short notice visits and interviews with staff and learners.

London Learning Consortium will only normally subcontract ESFA activity to subcontractors who deliver niche provision to learners in the same geographical catchment area that London Learning Consortium draws from. "Distant" subcontracting of ESFA activity will only be considered if there is a strong rationale, for example, a single employer over a large area, and with the permission of the funding body.

London Learning Consortium will require all ESFA funded subcontractors to declare the details of all other ESFA subcontracts they hold to enable the determination of the “lead provider”.

### **Payment Arrangement**

London Learning Consortium standard payment terms is 30 days from date of ESFA Payment subject to satisfactory validation checks.

For any funding to be generated, subcontractors are required to submit enrolment and achievement evidence by certain cut off dates. This is to ensure that the data is processed by London Learning Consortium in time for the monthly ILR return.

### **Contingency Plans**

London Learning Consortium will at all times take full responsibility for the subcontracted learners; they are London Learning Consortium learners and London Learning Consortium is responsible for their health and safety, the quality of the teaching and all other aspects of their learning.

If the subcontractor fails to deliver, London Learning Consortium will be responsible for making any necessary alternative arrangements. The subcontractor is required to cooperate and assist fully in any of these arrangements to ensure minimal disruption is caused to the learner.

London Learning Consortium will take action in the event that:

- It needs to withdraw from a subcontract arrangement
- A subcontractor withdraws from the arrangement, or
- A subcontractor goes into liquidation or administration

These events are uncommon but not unknown. In the event of one of them, London Learning Consortium will, within 30 days, make plans to execute the action needed, protect the interests of the learners and inform the funding body. These plans may include one or more of the following actions:

- Emergency discussions with the subcontractor and / or the funding body
- Offer the learners direct provision with the London Learning Consortium
- Offer the learners transfer to and subcontractor
- Take over the subcontractors’ staff and premises
- Identify a project manager and if necessary, London Learning Consortium resources
- Write to the subcontractor to formally terminate the contract, with reasons
- Write to the funding body to advise them of the change
- Commission London Learning Consortium auditors to investigate the issues
- Invoke the London Learning Consortium Disaster Recovery Plan if the impact is great

If required by the Funding Authority, London Learning Consortium will commission external assurance from an auditor in respect of its subcontracting controls for ESFA funded provision.