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LAMBETH COLLEGE SUPPLY CHAIN FEES AND CHARGES POLICY 2018/19

1 *Scope of Policy*

- 1.1 This policy outlines how Lambeth College will apply fees and charges to contracts with organisations that it sub-contracts to deliver education and training provision on its behalf in 2018/19.
- 1.2 This policy covers the delivery of all education and training provision funded by the Education and Skills Funding Agency (the "Funding Body") that the College sub-contracts to third-party organisations.
- 1.3 It has been written in accordance with the Education and Skills Funding Agency's requirements stated in its Funding Rules 2018/19.

2 *Disclaimer*

- 2.1 Lambeth College reserves the right to amend its sub-contracting arrangements at any time in accordance with the requirements of the Funding Body and the terms and conditions contained in its standard contract for sub-contracted provision.

3 *Rationale for Sub-Contracting*

- 3.1 The College will enter into sub-contracts with organisations to undertake provision that fits with its strategic objectives, where the College cannot provide this directly for reasons of resourcing, efficiency or effectiveness.
- 3.2 By working with sub-contractors such as:
 - Providing niche delivery where the cost of the College developing direct delivery would be inappropriate;
 - Engaging with the wider community and so increasing participation by:
 - Attracting learners who are unable or unwilling to attend provision offered on College campuses;
 - Widening the range of progression opportunities for learners, both from sub-contractor's provision to the College's and vice versa;
 - Offering flexibility by delivering provision at times and venues convenient to learners and employers;
 - Contributing towards the sustainability of the College's provision overall by helping the College to respond to changing market demands and emerging opportunities;
 - Supporting employers with a wide geographic requirement;

- Enabling the College to respond quickly to employer and learner demand, so providing a greater choice for learners;
- Providing good development opportunities for both Lambeth College and its sub-contractors, to share good practice and explore ways of working;
- Temporarily expanding provision to meet a short term need;
- Providing immediate provision whilst expanding direct capacity, including exploring and learning about new frameworks or sectors prior to investment in resources;
- Enabling the College to gain access to intellectual property required to enhance the College's curriculum offer.

3.3 The College's main priorities for sub-contracting are to support:

- Work with disengaged young people;
- Apprenticeships and Traineeships;
- Workforce up-skilling.

3.4 Provision that meets one or more of the following criteria will be prioritised:

- It meets the needs of the residents and employers of Lambeth and neighbouring boroughs;
- It supplements and does not duplicate the College's curriculum offer; and
- It offers progression opportunities into the College.

4 *Contribution to Improving the Quality of Teaching and Learning*

4.1 Sub-contracted provision will only be supported with organisations that can demonstrate the actual achievement of, or the potential to rapidly achieve, good quality teaching, learning and assessment and success rates that achieve national benchmarks and the targets set out in the College's Strategic Plan.

4.2 Lambeth College ensures that its sub-contractors are included in the College's quality cycle and are guided and supported by the College to follow this process.

4.3 The College supports sub-contractors to complete the course review and self-assessment process, including quality improvement plans. It also offers support as required to share good practice through regular quality reviews, observation of teaching and learning and learner and employer feedback.

4.4 Sub-contractors are expected to hold course centre approvals where appropriate and liaise with awarding bodies. The College regularly reviews external moderator reports submitted by sub-contractors and monitors any follow-up required.

5 *Fees and Charges*

5.1 The management fee retained by the College is calculated as a percentage of the total contract value agreed with the sub-contractor.

5.2 The typical percentage range of fees retained by the College to manage sub-contractors is 20-25% of the total contract value agreed with the sub-contractor, representing the cost of support by the College to the sub-contractors as set out in Section 6 below.

5.3 The College may charge a fee up to 30% in cases where it considers that:

- There is a high risk in working with an organisation, using the factors set out below; or
- Where more developmental quality assurance support is required.

5.4 The following risk factors are taken into account when determining the fee:

- Track record of the sub-contractor with regard to meeting success rate and funding targets;
- Length and history of the sub-contractor's previous contract relationship with the College;
- Financial standing of the sub-contractor;
- Sector subject area;
- Contract size with regard to both funding and learner numbers;
- Anticipated demands of the contract on the College's resources.

5.5 The management fee is open to negotiation and review by sub-contractors and the final fee is agreed by both parties.

6 Support to Sub-Contractors

6.1 The management fee will cover the costs to the College of providing the following services:

- Provision of a suitably qualified / experienced College Liaison Officer;
- Advice and guidance at pre-contract stage and due diligence assessment;
- Contracting;
- Enrolment support (e.g. provision of paperwork, advice and guidance on student eligibility) and processing of enrolment documentation;
- Data and financial management – timely and accurate processing and submission of data to enable drawdown of funds from the Funding Bodies and analysis to ascertain funding earned by sub-contractor and calculation of success rates;
- Provision of regular class lists and funding reports;
- Provision of administrative, technical and management information support, from initial learner identification through to completion and achievement;
- Regular review meetings and performance reports;
- Compliance and quality assurance visits and ongoing support to address any areas for improvement;

- Access for sub-contractor staff to College-run staff development and training where appropriate.

7 Reasons for Differences in Fees Charged

- 7.1 Fees charged to individual sub-contractors may differ for the reasons set out in Section 5 above.
- 7.2 A higher fee will also be charged if additional services were provided to the sub-contractor (e.g. support to enhance teaching and learning policies and/or practices).

8 Payment Terms

- 8.1 Payments will be calculated as a percentage of the funding generated by actual activity recorded in the College's Individualised Learner Record (ILR) up to the maximum contract value. Payments are calculated on a monthly basis and in addition to the funding generated, also take into account audit hold back and payments to date and the delivery of agreed services in accordance with the contract.
- 8.2 In exceptional cases, the College may agree to pay the sub-contractor monthly on account based on agreed contract values with termly reconciliations. However, this approach is entirely at the College's discretion.
- 8.3 For any funding to be generated for a given month, sub-contractors are required to submit enrolment and achievement evidence by a certain cut-off date. This is to ensure the College can process the data in time for the monthly ILR return and subsequent funding calculation.
- 8.4 After each month end, the College will send a financial report to sub-contractors confirming the invoice amount.
- 8.5 Once an invoice is received, payments to sub-contractors will be made within 30 days of the invoice date.
- 8.6 Full details of payment arrangements for each individual contract are included in each sub-contractor's contract – these include the schedule for evidence submission and monthly financials deadlines.

9 Policy Dissemination and Publication

- 9.1 The Policy will be published on the College website and will be communicated to sub-contractors before contracts are agreed.
- 9.2 All potential sub-contractors will be made aware of the policy as part of the PQQ and tendering process.

10 Policy Review

- 10.1 This policy will be reviewed at least annually and in-year as needed to reflect any changes in Funding Body funding rules and College strategy.
- 10.2 Any changes to this policy that are required mid-contract will be discussed with sub-contractors.