

# SUBCONTRACT MANAGEMENT FEE

Policy Group: Quality and Curriculum

Effective: August 2021

Approved: Board

Responsible officer: Brenda McLeish,  
CEO

Next renew due: July 2022  
Ref no.: 4.9

## I. INTRODUCTION

Learning Curve Group (LCG) subcontracts to other delivery partners who can assist in achieving our strategic objectives and in order to:

- Meet the training needs of our Levy employers
- Provide a greater opportunity for learners to access niche provision
- Positively contribute to engagement of learners in programmes that lead to progression and employment through Traineeships and in line with our ESF Project

Subcontracting arrangements in line with the above objectives will be dependent on ESFA approval where applicable, available funding, and on the reasons for subcontracting approved by the Board.

This policy will be reviewed and approved annually by the Accounting Officer and the Board and made available on the company website. Full information regarding all arrangements and processes is recorded in our partnership handbook, distributed annually and included on updates to all subcontract partners.

We are committed to achieving outstanding teaching, learning and assessment, and this is demonstrated within our policy by ensuring all potential partners are able to achieve the desired expectations with our support.

Learning Curve Group (LCG) is one of the largest national training providers in the UK, providing education and training nationally. All companies within the LCG family uphold the same company Vision, Mission and Core Values and follow our group policies and procedures.

Applies to:

This policy applies to all provision subcontracted and delivered on behalf of Learning Curve Group (LCG).

Reason for policy:

The aim of the policy is to provide accurate, transparent and comprehensive information on the fee policy that we will adopt when subcontracting provision. This policy is published in line with ESFA requirements, as stated in the funding rules for 2021/22 and is subject to assurance audit annually.

## II. POLICY

We work with a range of delivery partners and assume an understanding of shared values that puts the learner and the employer at the centre of what we do. As part of our

partnership working, we operate the following approach in determining the appropriate management fee for each individual partner.

- All providers are subject to a robust, comprehensive due diligence process prior to a contract being awarded. This risk-based approach takes into consideration a variety of aspects, including (but not limited to): previous track record, financial standing, learner numbers, QARs, Ofsted grade, type of provision, ability to deliver high-quality provision and ability to meet employers' needs and/or Government requirements.
- Delivery partners who are part of the supply chain delivery to Levy employers may be required to undertake additional checks by the employer.
- Delivery partners who are delivering on traineeship programmes will undertake additional due diligence checks to ensure the suitability of work placement.
- The percentage management fee is up to 20% and is dependent on the risk rating of the provider, following the due diligence process and available historical performance. Factors that influence the management fee charged include (but are not limited to):
  - The type of provision
  - Historical quality performance
  - Previous contract delivery
  - Size of provision
  - Required level of support needed to ensure high quality of teaching and learning
  - Experience of the provider
- All of the above would impact on the amount of management, support and development needed, in line with the frequency of visits. All new subcontract partners will be informed of their initial risk rating and management fees to be associated with their contract at the first meeting.
- Each subcontractor will be reviewed at the end of each academic year, and their ongoing arrangement for the year ahead – including proposed fees, continued reasons for subcontracting and risk rating – will be approved by the Board. Subcontractors will be informed of the arrangements as part of the contracting process.
- Management fees will be deducted at source, and we will make monthly payments to providers based on the current submission of data and supporting evidence to validate learning delivery. All funding claims must comply with the current ESFA funding rules and the terms of the agreement between us and the delivery partner. Where funding claims cannot be substantiated, we will adjust or reclaim any funds from the subcontractor, and, where required, make an appropriate repayment to the Education and Skills Funding Agency. Subcontract partners will receive the employer contribution directly.
- We will hold the agreements with the EPA organisations and pay for the first end point assessment. Therefore, up to 20% of the agreed standard price will be held back to fund the EPA costs.

## **Management, Support and Capacity Building**

We have a responsibility to support all delivery partners to develop high-quality provision that meets the needs of learners and exceeds the expectations of employers where applicable. Together we will review the services provided and consider how there will be an impact on the quality of the learner experience. The management fee deducted from allocated funds is used directly to provide a comprehensive and flexible programme of support, as well as compliance measures to ensure that public funds are protected and used effectively, and that partners are supported to develop their provision and extend their business.

We will identify the delivery partners' individual support needs during contracting and adjust as required in year. The exact mix of support will vary depending on the needs of each individual delivery partner, but all organisations can expect to benefit from the following list of activities:

- Subcontracting Management Framework and a dedicated subcontract manager to ensure the quality of delivery meets expectations and supports continuous improvement of the provision (8%)
- Administration of learner and employer surveys and focus groups (2%)
- MIS, Audit and ILR services (8%)
- Quality assurance and development services, including mandatory training (2%)

A cost will be allocated for each management and support service that will be deemed reasonable and proportionate then shared with the delivery partner at the start of the contracting period.

## **Subcontracting to an Employer**

We will be responsible for ensuring that employers adhere to the funding rules and the requirements of the awarding and EPA organisation. The employer will be required to provide pre-delivery information to ensure a robust delivery infrastructure and model. With this in mind, we will work with the employer to provide support in preparation for the employer delivery element and will agree in advance all required documentation. We will conduct observations and other quality activities, in line with the LCG quality cycle and procedures.

## **Payment Terms**

We make payments to subcontractors on the first working day of each month after receipt of invoice. Payment is subject to the correct evidence and data being provided to LCG by the agreed monthly deadline. We will notify you of any required changes to these deadlines. We reserve the right to withhold a proportion of due payments to the delivery partners if tolerance levels are not adhered to for producing evidence of recent contact with learners. Monies will be released when appropriate evidence is held. Full details of payment arrangements for each delivery partner are included in each individual contract. Any amendments will be based on guidance from the current version of the ESFA funding rules.

## **Funding rules:**

We will abide by the funding rules and Government guidance that details restrictions regarding distance and volumes.

Apprenticeship Funding rules:

<https://www.gov.uk/guidance/apprenticeship-funding-rules>

AEB (Traineeships): Non-devolved:

<https://www.gov.uk/guidance/adult-education-budget-aeb-funding-rules-2021-to-2022>

EFA (16-18 Traineeships):

<https://www.gov.uk/guidance/16-to-19-education-funding-guidance>

ESF:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/804978/ESF\\_2014-20\\_Funding\\_Rules\\_v1\\_May\\_2019.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/804978/ESF_2014-20_Funding_Rules_v1_May_2019.pdf)

Subcontracting:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/996764/Subcontracting\\_funding\\_rules\\_for\\_ESFA\\_funded\\_post-16\\_funding.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/996764/Subcontracting_funding_rules_for_ESFA_funded_post-16_funding.pdf)

Chief Executive Officer: Brenda McLeish

Signature:

