

## Hammersmith and Fulham Adult Learning and Skills Service (HFALS) Subcontracting Supply-Chain Fees and Charging Policy 2024 - 2025

### **1. RATIONALE FOR SUBCONTRACTING**

Hammersmith & Fulham Adult Learning & Skills Service (HFALS) is committed to broadening the scope of provision to meet market demand and to enhance and enrich the offer to our learners. In order to enable this vision, HFALS has taken the strategic decision to subcontract part of its provision to high quality partner providers.

The intention is to:

- Develop and expand the provision by supporting learners and employers with responsive, niche, specialist or local provision through a Subcontractor which is not delivered internally by HFALS.
- Offer programmes that optimise sustainable progression routes to other provision within HFALS
- Enable subcontracted provision in communities where HFALS has no physical presence, is hard to reach and that addresses gaps in provision.

The policy has been amended to comply with the latest GLA Funding Rules pertaining to the list of services HFALS will provide to Subcontractors and the associated cost for doing so.

HFALS will use its Subcontractors to maximise the impact and effectiveness of its service delivery to the learners and impact to local communities and businesses. HFALS will assume robust controls over Subcontracted provision to minimise any risk to its reputation, financial position and learners. HFALS retains full accountability for contract delivery where provision and service subcontracting occurs. Before contracts are awarded, HFALS undertakes robust due diligence procedures that include but not limited to:

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- Financial viability
  - Ensuring strategic fit to social and commercial purpose
  - Capability and capacity for delivery
- Quality assurance procedures including self-assessment and audit performance.
- Regulatory compliance on Health & Safety, Data protection, GDPR and Safeguarding, including Prevent duty, SEND.
  - Equality and Diversity adherence.
  - A good track record of recruitment, retention, achievement rates, progression and job outcomes.

All Subcontracting arrangements are in adherence with the principles of best practice. Transparent and consistent procurement exercises in accordance with the Public Contracts Regulations 2024 underpinned by robust due diligence procedures and processes on potential Subcontractors.

- Permission will be sought from the relevant funding body for the appointment of Subcontractors.
- The fees charged or funding retained by HFALS pertains to the cost of services HFALS provides to its Subcontractors. This information will be agreed by all parties and will be explicit within the Subcontract agreement.
- How HFALS will support improvement in Subcontractor's quality of teaching, learning and assessment.
- The fees retained to manage Subcontractors, and the breakdown of charges in order that HFALS meets the requirement to comply with GLA Guidance and Rules for 2024-25 regarding services HFALS will provide to Subcontractors and the associated cost for doing so.

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- Payment terms between HFALS and our Subcontractors, including the timing of payments in relation to delivering provision and timescale for paying invoices and claims for funding received.
- How and when the policy is communicated to and discussed with current and potential Subcontractors.
- The Policy will be reviewed and approved by the HFALS and the Governing Body on an annual basis and the approved version will be published on the HFALS website.

### **2. IMPROVING THE QUALITY OF TEACHING AND LEARNING**

All subcontractors will be bound by the quality assurance processes in place such as Observation of Teaching, Learning, and Assessment (OTLA), standardisation, internal/external verification and moderation, self-assessment, and quality improvement plans. The quality of the provision is managed and monitored to ensure full quality assurance compliance with internal/ external requirements.

### **3. THE TYPICAL PERCENTAGE RANGE OF FEES RETAINED TO MANAGE SUBCONTRACTORS AND HOW THIS RANGE IS CALCULATED**

Providers delivery will be to the funding value of £240,000. A management fee of up to 20% is retained by HFALS from all subcontracted provision. This fee is calculated against the assessment of risk, calculated from the due diligence process, and level of management intervention and support associated with the subcontractor. Partners will be bound by the current Greater London Authority (GLA) funding principles and will be managed through a thorough contract management process.

For the 2024/25 academic year, the following two providers have been selected to be HFALS subcontractors:

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| LB of Hammersmith and Fulham HFALS – Subcontracting Funding & Fees Retained 2024/25 |                                    |          |                                |                |           |                                      | Contract Funding Values |                            |
|---|------------------------------------|----------|--------------------------------|----------------|-----------|--------------------------------------|-------------------------|----------------------------|
| Funding Agency  | Supplier Name                      | UKRPN    | Contract start – end date      | Funding Stream | Age Group | Hammersmith and Fulham Retention Fee | Gross Value             | Net Value to partner – 80% |
| GLA – 19+   | Paddington Development Trust (PDT) | 10019380 | 01 January 2024 – 31 July 2024 | AEB            | Adult     | 20%                                  | £180,000*               | £150,000                   |
| GLA – 19+   | London Skills Centre Earls Court,  | 10090537 | 01 January 2024 – 31 July 2024 | AEB            | Adult     | 20%                                  | £60,000*                | £54,000                    |
| <b>Totals</b>   |                                    |          |                                |                |           |                                      | <b>£200,000</b>         | <b>£240,000</b>            |

#### **4. SUPPORT CONTRACTORS WILL RECEIVE IN RETURN FOR MANAGEMENT FEES RETAINED**

The management fee includes the costs of managing and administering the subcontracting arrangements, the administration of paper and electronic learner records (required for funding returns), the management of lead contracts and the additional value offered to partners of access to quality improvement processes, management information expertise and advice, and regular national updates regarding funding and policy guidance.

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This list of specific charges outlined above is reviewed each year by the senior management team to determine whether it is reasonable and proportionate. Careful consideration will be given to whether these charges contribute positively to an improvement in the quality of teaching and learning delivered by the Subcontractor. Changes will be made if required. These specific costs are included in the contract issued to each Subcontractor and are discussed during the first contract management meeting to ensure that the Subcontractor agrees that the costs are reasonable and proportionate and understands how they contribute to delivering high quality learning.

Staff working on this subcontracted programme will have access to the HFALS staff CPD programme which is updated on a termly basis, including subjects such as:

- Digital Accessibility - promoting Tutors to review the process of making digital products (websites, mobile apps, documents and other digital tools and technologies) accessible to everyone.
- Google Classroom – how to develop effective online teaching, learning and Assessment (OTLA) sessions.
- HFALS Curriculum Leads will arrange best practice workshops and bite-sized training covering current and developing topics within education, training and skills development.
- Optional Quality Improvement Planning – where agreed between both parties, HFALS's Quality & Transforming Learning team can deliver individual and small group guidance and support in Quality Improvement planning.

This will be a good opportunity for staff development and support closer working with HFALS.

Marketing –the details of the sub-contractor will be published on the HFALS web-site. Where agreed by both parties, additional focused marketing campaigns can be

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delivered in conjunction with the sub-contractor. Sharing the costs of such campaigns to be agreed by both parties on a case-by-case basis.

### **5. QUALITY ASSURANCE AND MANAGEMENT OF DELIVERY**

HFALS will provide the necessary support and training required for compliance with its Quality Assurance processes and will review the sub-contractor's own quality monitoring processes, learner outcomes and quality data.

Subcontractors will be subject to on-going quality assurance checks, including short-notice premise/ classroom visits, interviews with staff/ learners, which could increase depending on risk. Outcomes should be in line with national benchmarks. This will ensure the programmes and learners meet the evidence requirements of the relevant funding regulations and the internal requirements of HFALS. Auditing will be through routine internal desktop evidence review and on-site visits which will validate learner existence, eligibility, attendance and funding documentation.

Visits may be increased dependent on risk. Regular interaction and reviews with Subcontractors will be required to ensure continuity of full audit and funding compliance.

Subcontractor financial performance against contractual targets will be reviewed and monitored on a monthly basis at minimum by a designated HFALS team assigned to the contract management of the individual Subcontractor relationship.

### **6. CLAWBACK/ PAYMENT TERMS/TIMINGS OF PAYMENTS**

HFALS pays its Subcontractors monthly in arrears based on the actual performance of the sub-contractor capped on a monthly basis in line with the funding agency payment profile.

On a monthly basis HFALS receives the contractually agreed documentary evidence of activity from the partner and records this in its Management Information System.



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At the agreed month-end cut-off date HFALS submits a claim for funding to the relevant funding agency which generates a report of the funding due to HFALS.

Using this data, HFALS applies the agreed management fee to the sub-contractor's activity and sends a detailed payment report to each partner within a structured timescale.

The partner then submits an invoice based on the agreed payment report which is processed for payment through BACS by HFALS to reach the partner by the end of the calendar month.

The standard schedule of dates is included in each sub-contractor's contract.

Where providers report late withdrawals, or for any other reason, there results in overpayments to the provider, HFALS will seek to recover any overpayment as part of the R14 year-end reconciliation process.

### **7. COMMUNICATION OF FEES AND CHARGES POLICY**

The management fee retained by HFALS is calculated as a percentage of the contract value agreed with the Subcontractor. The typical percentage of fees retained HFALS to manage Subcontractors is 20% depending on a range of factors as indicated below. HFALS reserves to the right to reduce or increase the % outside of the aforementioned % threshold in exceptional circumstances and is subject to an Executive assessment of the proposed individual Subcontractor arrangement inclusive of the services and goods to be delivered and in accordance with HFALS strategic requirements and the relevant Funding Agency rules. This policy will be reviewed and updated annually or more frequently as required and published on the HFALS website. The management fee is open to negotiation and review by Subcontractors and the final fee is agreed by both parties in accordance with the relevant Funding Agency Rules. Fees and charges will be discussed at monthly contractual management meetings. Reasons for differences in fees charged Fees charged to individual providers will differ depending on the factors outlined in the calculation of management fee. The percentage retained may also vary where there

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are additional services provided by HFALS e.g., where the HFALS assumes direct responsibility for teaching certain aspects of the learners' programme of study or if less management support is needed on account of the Subcontractors specialist experience and expertise.


### **8. POLICY REVIEW**

The policy is reviewed in light of legislative, and regulatory changes, and in any event formally reviewed, and revised, if necessary, on an annual basis. This policy is publicly available on the HFALS website.

Finance Officer

Name – Danny Rochford

Date – 25/11/24



Signature -