



Partner Management Fee Policy 2019/20

Purpose of Policy/ Document

This document outlines the policies and procedures operated by the College in the setting and operation of partnership management fees associated with academic provision for the period 1st August 2019 to 31st July 2020. Additionally, this document outlines the College’s approach to subcontracting with partners, the reasoning behind doing so, and the costs incurred.

In preparing this document care has been taken to ensure that the recommendations of the Agency for partnership work and fees as outlined in the relevant funding guidance have been given due consideration.

The College has a policy of equal opportunities and seeks to ensure that arrangements for fees and charges are consistent with this.

Application of Policy (Range and Scope)

This policy should be used by all college staff and applies to all aspects of management fees and management fee setting. With the exception of the Principal no member of staff is authorised to use or approve fee rates other than those contained within this policy.

Particular Legal Requirements/Issues Outside of Equality, Diversity and Disability (E.D.D)

Specific funding stream-related Education and Skills Funding Agency funding rules 2018/19 and those previous versions where still applicable.

Links with Other Policies/Documents

None

Equality, Diversity and Disability (Disability, Equality, Duty Impact Assessment)

Has a Preliminary Equality Analysis been completed?

*Yes No Date Completed: 3 November 2014

Is a full Impact Assessment required?

*Yes No

If ‘yes’, has a copy been sent to the Equality Manager?

*Yes No

For Completion by the Executive:

POLICY REFERENCE	FIN14
CATEGORY	Finance
AUTHOR / ORIGINATOR	Director – Funding, Data & External Contracts
ISSUE DATE	July 2019
REVIEW DATE	July 2020
POSTHOLDER RESPONSIBLE FOR REVIEW	Director – Funding, Data & External Contracts
RATIFIED /AUTHORISED BY	Corporation

Introduction

Heart of Worcestershire College (“the College”) is the lead provider and principle contract holder for a number of Education and Skills Funding Agency (“the Agency”) contracts and is therefore directly responsible for the management and maintenance of these contracts, ensuring that contractual requirements are complied with.

The College is *“solely responsible for the delivery of their contract/s whether or not they are delivered via a sub-contracting arrangement”* (Apprenticeship Funding Requirements 2011/12, Skills Funding Agency, July 2011).

This policy details how the College applies fees and charges to all sub-contracting activity supported with funds supplied by the Agency or any successor organisations. The policy will be reviewed each year (usually before the beginning of each new contract year) and updated as required. It will subsequently be published on the College website, and potential and existing partners will be directed to it as the starting point in any relationship.

The processes outlined in this document are designed to minimise the risk inherent in subcontracting, and ensures that the processes employed are fair, transparent and effective. The underpinning principle in these processes is one of minimising risk rather than solely relying on the detection of risk in-learning.

The policy is intended to comply with the 2019/20 and later requirements published by the Agency, and includes:

- Our reason for subcontracting provision;
- Our contribution to improving the quality of teaching and learning across our partners;
- The range of management fees we charge partners;
- The support partners will receive in return for the management fee;
- Potential reasons for differences between partner fees;
- Payment terms.

Why we subcontract

The College has a strong track record of successfully managing consortia and sub-contracted delivery across England, which includes mainstream employer-related, EFA and ESF provision. We regard sub-contractors as business and strategic partners, and we are open to achieving growth through these partners.

We are keen to build on these achievements, and we recognise that if we are to create an offer that truly meets the needs of learners, employers and other stakeholders, we need to work with new and diverse partners. We are therefore continually looking to work with organisations that can help us build our existing offer, grow our provision and diversify our range. Working with partners is a fundamental part of the College’s provision.

In addition, we may partner with organisations that provide:

- access to, or engagement with, a new range of customers;

- niche delivery where the cost of developing direct delivery would be inappropriate;
- innovative provision where the methods of engagement and/or delivery are new;
- support for employers with a wide geographic requirement.

Due diligence

Opportunities to partner with the College through the Consortium model are advertised on the Consortium portal. Potential partners are free to apply through the portal process, which then initiates a process of due diligence.

We seek to minimise risk in terms of quality and the veracity of delivery by utilising a process of approved partner membership¹, which involves a two-step process:

- successful completion of a due diligence process, usually involving answering a number of questions, the submission of data and references, and attending one or more meetings²;
- subsequently being awarded a contract to deliver one or more learning services through the College.

In assessing applications through this process, the College will seek to avoid undue impact on existing partner delivery, both in geographic and sectoral terms, and will endeavour to balance risk against demand and contractual performance.

It is important to note that all applicants must be registered with the UK Register of Learning Providers, and therefore be able to provide their UK Provider Reference Number (UKPRN). Applicants who are not able to provide a UKPRN will be rejected.

Applicants will also need to be successfully registered on the Agency's Register of Training Organisations ("ROTO") if their total contract value exceeds the published limits as set out by the funding bodies (currently set at £100,000 and made up of the total of all contract values with other lead providers and direct contracts). Where apprenticeship provision is delivered, subject to funding amounts we require that applicants are also registered on the Agency's Register of Apprenticeship Training Organisations (RoATP), with the appropriate 'type' of registration achieved potentially determining the contractual relationship.

We require elements of the due diligence process to be refreshed every contract year.

Quality Assurance (QA)

Partnership activity is a fundamental part of the College, including in delivering provision. The quality of the provision will be monitored and managed both through the College's existing QA processes and procedures, and through specific activities performed through the College's partnership brand, the Three Counties Consortium.

This policy positions sub-contracted provision as a core part of College activity to enable continuous improvements in the quality of teaching and learning for both the College and its partners. This will be achieved through the sharing of effective practice across the supply

¹ membership in this context means being an approved partner following a successful due diligence application

² successful application - becoming an approved partner - does not in itself constitute an offer of contract

chain, for example through the Self-Assessment Report process and the routine inclusion of partnership provision performance data.

Contingency planning

In the event that:

- the College withdraws from a partnership arrangement (either through its own decision or by instruction from its principle funders);
- a partner withdraws from the arrangement, *or*
- a partner goes into liquidation or administration,

the College will take steps to ensure that provision is made so that any current learners involved are able to complete their qualifications.

Each particular event will have specific needs and considerations, but the College's general approach is outlined in the contract between it and each partner.

Management fees

The College charges a management fee against the Maximum Contract Value ("MCV") agreed. The exact percentage is specified in each partner's contract with the College. The fee is expressed as a percentage of the MCV and is not based on the actual value of the claims made against the MCV.

A fee is charged for the following reasons:

- to contribute to the administration of and support for sub-contracted provision;
- to contribute to the administration of the claims process, whereby the College makes claims based on partner data to the Agency;
- to contribute to the compliance and quality assurance functions within partnership provision.

Among the many benefits obtained by partners are:

- access to funding not otherwise available to individual or niche providers;
- the security of a consistent funding stream;
- regular, consistent and informative contract management that complies with Agency funding requirements;
- access to staff capacity building and consultancy support;
- guidance on funding and other compliance and quality issues, including health and safety, equality and diversity, and safeguarding etc.

The College's current fees begin at 9.0% and are usually charged on a monthly basis. There may be variances in partner fees for a variety of reasons, which may include some or all of the following:

- the perceived risk of sub-contracting with the particular partner;
- the size of the contract;
- the nature of the provision sub-contracted;
- the geographical location of the partner and/or the provision;

- whether the partner is new to the College or is an established partner with a proven track record, *and*
- the outcomes of compliance, assurance and performance reviews.

In general terms, the College's approach to determining the proportion of a fee that will contribute to the College's costs will be determined by staffing budgets associated with the follow broad headings:

- data management services (41%), *and*
- quality and compliance services (35%).

The balance of the fee will generally split between:

- contract management (14%), *and*
- additional services, e.g. developing online learning materials (10%).

Payments

In consideration of the services to be provided by the partner, the College will make the payments to them in accordance with the schedules contained within the contract between the College and the partner; the College will endeavour to make such payments within 30 days of them being due, subject to any particular clauses within the contract.

Payments will normally be made by BACS transfer negating the need for invoicing, ensuring an efficient and effective use of funds, and aiding cashflow management.