

The London Borough of Merton

MAL Subcontracting Funding Retention and Charges Policy 24-25

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Merton Adult Learning
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Introduction

The London Borough of Merton is committed to providing high quality and sustainable adult learning to improve the social, economic, health and wellbeing outcomes of our residents. We deliver this through a strategic investment approach: commissioning provision to the best delivery partners in the field and by developing sophisticated evidence-based approaches to what we deliver.

Within this document 'Partners' refers to delivery partners listed on the Merton Adult Learning Approved Provider List (APL).

The Service operates a commissioned learning service across the borough at partner venues. We work in partnership with representatives from these organisations to agree and monitor contractual arrangements, quality assurance, performance, curriculum intent, implementation of quality of teaching and learning, and outcomes for learners.

This policy applies to all subcontracting activity supported with funds supplied by the Greater London Authority (GLA) and/or the Education and Skills Funding Agency (ESFA).

This policy is reviewed annually, or earlier should there be a significant change to guidance or policy.

Context

This policy is in place to outline the MAL reasons for subcontracting, the measures in place to monitor the quality of our partners, and our retention of funds and charges. The content of this policy has been developed in line with the GLA and the ESFA Funding and Performance Management rules.

We:

- Align our processes with the GLA and ESFA requirements.
- Undertake fair and transparent procurement and due diligence activities, selecting high quality suppliers that demonstrate expertise in delivery of adult learning programmes and value for money.
- Maintain and publish this Policy that relates the Management Fee (the retained funding) to the costs of the services provided. A copy can be found [here](#).
- Clearly document and agree with all appointed partners, the Funding Retained and Charges applied to each subcontract.
- Submit any disputes that cannot be resolved between partners to independent outside arbitration or mediation and abide by its findings.

[GLA funding rules for 2024-25](#)
[ESFA funding rules for 2024-25](#)

Rationale for subcontracting

Following an extensive consultation and review process in 2015, Merton Council took the decision that its Adult Learning Service contract out the provision to external organisations.

In arriving at this decision, the Council considered that “the commissioning model protects adult education in Merton” and that “this was not a cut to the service beyond any future reduction made by the funding agency” although it did recognise that “this model does not fully protect services from the impact of those cuts. As commissioners the Council will be in a position to steer provision and the spread of venues so that the service fully addresses the challenge of “bridging the gap” between east and west. This ability will be maintained.” (Cabinet Committee minutes, 16th February 2015).

Merton Council has continued to see the benefit in the commissioning of the service, the developments made since 2015, and the positive impact to skills improvement and wellbeing. Cabinet approved the latest MAL Strategy in 2023.

Prospective partners are invited to tender for the delivery of provision and a core team (Merton Adult Learning) manage the contracts.

Subcontracting enables Merton Adult Learning (MAL) to:

- Provide a service that is delivered by a carefully selected range of experienced and quality focussed partners that have a proven track record of improving the skills and opportunities of learners.
- Deliver a wide curriculum offer that enables learners to improve their skills and progress on to their next steps in employment, further learning and/or improved lifestyle.
- Reduce inequalities across Merton by focussing much needed delivery within community venues in the east of the borough.
- Have greater employer engagement generated by partner specialisms which highlight live vacancies, and ensure skills needed to work in local and national organisations are included within the course delivery.
- Maximise the use of the funding grants received from the GLA and ESFA.
- Quickly adapt provision and delivery when needed.

Quality assurance

The quality of subcontracted provision is monitored and managed according to the guidance to be found in the MAL Partner Handbook, the GLA and ESFA Funding and Performance Management rules, and the Ofsted Inspection Framework. These documents are supplied to all partners at the start of their contract and annually.

Partners are required to give MAL sufficient evidence to allow assessment of the subcontracted provision, performance against the requirements of the documents listed above, and the contract.

Improving the quality of teaching and learning

MAL is committed to continuous improvement across our service, and all partners are included in the quality assurance processes. Partners are supported by MAL to maintain the high-quality standards expected across all aspects of the provision.

All subcontracted provision follows our quality cycle which includes observations of lessons and information, advice and guidance sessions, learner feedback, moderation of teaching, learning and assessment, CPD, quality and contract performance monitoring meetings, Advisory Panel meetings, self-assessment, and shared quality improvement plans.

Support for partners

To ensure a high-quality provision is maintained, MAL works closely with and supports all partners that have been subcontracted for delivery.

All contract agreements outline the processes and procedures for our subcontracted provision, as well as the roles and responsibilities for both parties. MAL provides ongoing support to partners during their contracts. Details of the support provided and the costs for this are listed in the table in Appendix 1.

Setting funding retained charges

Our standard management fee is 15% of all formula funded adult skills and 20% of all tailored learning (formerly community learning) funding drawn down against the provision to be delivered. This amount represents the costs that we incur in identifying, selecting, managing, and administering all subcontracted provision. It is based on the amount of quality assurance activity that would attach to the lowest possible risk partner. See Appendix 1 for retained costs table.

Further charges may be added to the standard fee to cover additional costs that we consider necessary. These costs are usually costs that are essential to ensure the quality of teaching and learning based on our assessment of risk. Examples of additional costs that may result from a medium or high-risk rating are:

- Additional site visits.
- Additional lesson observations.
- Additional support for delivery staff.
- More rigorous verification.

Occasionally, additional costs may result from extra administration or compliance or from the provision of bespoke services by MAL to the partner (for example provision of resources, internal verification, awarding body fees, student support costs).

Where inflation isn't applied to the adult learning grant and fixed costs are applicable due to inflation, for example staffing or IT, this potentially will also lead to a greater proportion of grant being retained by the service.

MAL will consider the clawback of funding paid to our partners if there is under-delivery or a specific reason to warrant the recovery of funds paid. This will be in line

with contract arrangements, the funding paid, and circumstances surrounding the reason for clawback.

Assessing risk

MAL uses the following standard factors to assess the risk rating of each partner.

- Evidence of the quality of delivery.
- Performance against contract and key performance indicators (KPI).
- Type of provision.
- Contract duration with MAL and any mid-contract changes.
- Feedback from learners and/or collaboration organisations.
- Qualifications, experience, and training of staff involved in the delivery.
- Quality of physical resources.

Partners will be assessed as HIGH, MEDIUM or LOW, and MAL may implement an additional management charge where needed.

In the event of the partner being unable to complete their contract, MAL will endeavour to ensure minimum disruption to learners whilst alternative arrangements are secured in line with the contingency plans that relate to the contract.

Payment terms

All partner payments will be calculated as a result of the funding generated by actual activity recorded in MAL's Individualised Learner Record (ILR) data and paid within 30 days of receipt of a valid claim for payment. Claims will only be valid when contractors have fulfilled the terms of their contract and dependant on adequate provision of supporting evidence. MAL will generate a statement of funding earned by a partner against which an invoice can be submitted.

MAL will determine that costs claimed by a partner are reasonable and proportionate to the delivery and contribute to high quality learning. We do this by:

- Including course delivery plans at tender bidding which agree a value per learner / course and are evaluated as part of the award process.
- Having a KPI on value for money which is reviewed as part of the quality cycle and contract arrangements.
- Including pound plus requirements within contract arrangements and review.
- Ongoing review and approval of course delivery plans throughout the contract period.

To ensure payment can be made in the correct period, error-free data must be received no later than the last date for a partner to submit their ILR. Data that is submitted after this date, or submitted with error, is likely to miss the payment for that month. See schedule below.

Return	Return date (MAL)	Last date for subcontractor to submit ILR data
R01	05/09/2024	27/08/2024
R02	04/10/2024	25/09/2024
R03	06/11/2024	28/10/2024
R04	05/12/2024	26/11/2024
R05	07/01/2025	20/12/2024
R06	06/02/2025	28/01/2025
R07	06/03/2025	25/02/2025
R08	04/04/2025	26/03/2025
R09	07/05/2025	28/04/2025
R10	05/06/2025	27/05/2025
R11	04/07/2025	25/06/2025
R12	06/08/2025	28/07/2025
R13	12/09/2025	29/08/2025
R14	23/10/2025	09/10/2025

Sharing information with partners and stakeholders

We commit to ensuring that all existing and potential partners have sight of this policy and any other relevant documents as part of the tendering and contract process.

In compliance with the GLA and the ESFA requirements we publish this Funding Retention and Charges Policy and the MAL actual subcontracting funding paid and retained on our [website](#).

KPI data and earnings statements are shared with active partners monthly following successful ILR data returns.

MAL service and partner performance is shared termly within MAL Advisory Panel meetings, and an annual self-assessment report is produced and circulated to all partners, stakeholders, and Merton senior management.

GLA and ESFA operational systems are updated with subcontracting arrangements, and regular meetings are held with the GLA contract manager to monitor and discuss performance.

List of partners

2024-2025

- South Thames Colleges Group (Merton)
- Richmond and Hillcroft Adult Community College

- Global Solution Services
- Adult Training Network
- TEC Training GB Ltd
- The Training Place of Excellence

2023-2024

- South Thames Colleges Group (Merton)
- Richmond and Hillcroft Adult Community College
- Global Solution Services
- Adult Training Network
- Learn English Together in Merton
- Need 2 Succeed
- TEC Training GB Ltd
- The Training Place of Excellence

From August 2022 MAL implemented contract arrangements under an Approved Provider List agreement. Delivery under these contracts will be formed as 'call off' provisions as and when need arises. The Approved Provider List are:

- South Thames Colleges Group (Merton)
- Richmond and Hillcroft Adult Community College
- Global Solution Services
- Adult Training Network
- Learn English Together in Merton
- Need 2 Succeed
- TEC Training GB Ltd
- The Training Place of Excellence
- MI ComputSolutions
- Ripe Enterprises
- Twin Training International Ltd

Appendix 1

Support area	Support provided	ESFA funding retained costs	GLA funding retained costs
<p>Quality Assurance MAL ensures a high standard of the quality of provision through a robust management and monitoring process.</p>	<ul style="list-style-type: none"> • Regular quality and contract meetings. • Monitoring meetings and visits. • Observations of teaching, learning and assessment. • Review of initial assessment processes. • RARPA and Individual Learning Plans (ILPs) reviews. • Monitoring of learner voice including learner survey and forums. • Compliance eligibility and checking. • Performance management and KPI monitoring. • Checking and review of forms and documents associated with the confirmation and eligibility to study and enrolment of learners. • Checking of registers and attendance. 	£2,411	<p>£107,993 (standard)</p> <p>£123,030 (increased)</p>
<p>Administration, MIS and Finance MAL provides data analysis and tracking support to ensure partners are on track to meet their contract and are paid appropriately.</p>	<ul style="list-style-type: none"> • Audit of ILR returns for accuracy, error tracking, corrections and support. • Assistance on funding eligibility. • ILR submission. • Supplying of regular monitoring reports on performance. • Data support. • Contract administration. • Production of earnings statements and invoice payment. 	£2,000	<p>£80,031 (standard)</p> <p>£95,031 (increased)</p>
<p>Leadership and Management MAL ensures the provision meets the strategic objectives of the service.</p>	<ul style="list-style-type: none"> • Provider induction. • Self-assessment report and quality improvement plan production. • Monitoring delivery to ensure it meets the terms of the contract. • Identifying and collaborating on training opportunities. • Production and supply of a partner handbook and policies. • Single central record checking. • Safeguarding and Prevent awareness communications. • Advisory Panel meetings. • Communication of strategic information, sector and funding updates. 	£2,000	<p>£89,058 (standard)</p> <p>£104,058 (increased)</p>