



How to Spot Hidden Fees

“Fundamental to any successful relationship is honesty, and this is no different to the relationship between a school and a consultant.

“If there is a lack of transparency around fees and therefore what costs the school has to meet – the relationship is unlikely to be a long and fruitful one.

“The payment for the consultant’s services may not be a simple transaction directly from the school to the consultant; it may be built into the overall catering budget, it may be a percentage of the winning contractor’s submission – it doesn’t necessarily matter. However, what does matter is that everyone knows what they are paying for and aren’t being sold a package where the total fees are not known or are disguised in the catering accounts.”



In summary, if you have received a quote for some consultancy work, and fees are stated as ‘free’, then they are likely hidden within other costs, which usually end up costing more than if a fee was paid upfront.

Mike Neales, Senior Consultant at Litmus Partnership, comments:



Let's take a look at the different fee models...

Fixed Fee model (one of the most common models)

- ▶ Quite straightforward where the consultant is paid a fixed amount
- ▶ The fixed amount can be paid 50% upfront, 50% on completion (or split otherwise)
- ▶ **Benefit:** The school knows the upfront fee, and can set the money aside

However, if capital outlay is a problem then:

Fixed Fee applied to a Contract Lifetime model

- ▶ If capital outlay is a problem, then the fixed fee can be applied to a Contract Lifetime model
- ▶ This spreads the fee across the lifetime of the contract in monthly instalments; usually 36 or 60 months
- ▶ **Benefit:** The fee is spread so schools don't need to find the lump sum

Mutual Reward model

- ▶ Instead of being paid a fee, the consultant gets a share in the annual cost savings achieved
- ▶ The consultant would be very confident that significant savings will be delivered, otherwise they don't get paid
- ▶ **Benefit:** The school doesn't have any 'outlay' on the consultant's fees

Client-Agent model

- ▶ More revolutionary in approach
- ▶ The consultant doesn't just simply deliver the tender service, they continue to provide post-sale support through the lifetime of the contract
- ▶ Post-sale support can include help with service negotiations, checking invoice accuracy, consumer insight programmes, assisting the school to prepare for a re-tender etc.
- ▶ This promotes a long-standing relationship between the school and consultant as the contract ranges from three to five years
- ▶ **Benefit:** The contact at the school can focus on their day job and leave the consultant to manage the contractor and the school benefits from ongoing external expertise as part of their wider team

▶ Litmus has many different payment options: including spreading the cost of our services across the lifetime of the contract or even the winning contractor paying our fees.



LIGHTHOUSE
SCHOOLS PARTNERSHIP

When fee transparency results in large cost-savings:

The Lighthouse Schools Partnership is a large Trust made up of 30 schools – 26 primary and four secondary. Combined, they have 13,500 students across their schools; more than many universities.



Tim Monelle, Director of Trust Services at Lighthouse Schools Partnership, says:

We've worked with Litmus Partnership since we began in 2016 – and our Founder worked with Litmus even before that – so the years of working together speaks for itself. Litmus has become a trusted and invaluable part of our team. The relationship is based on honesty and integrity, and they have always been transparent with the fees and costs involved. Spending wisely on their consultancy has been well worth the investment; when Litmus managed transitioning us from using multiple catering providers to just one, a saving of c£200,000 was achieved for the remainder of the contractual term.



We hope you found this guide useful. If you would like to discuss your current challenges to see how we could help, get in touch today.



Contact Katie Foster, Head of Business Growth Team, to speak about fee models, or to arrange a free no-obligation chat or meeting to discuss your requirements.

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