



Name of Policy

SUBCONTRACT FEES AND CHARGES POLICY

Purposes

The policy is now a mandatory requirement that must be in place prior to participating in any subcontracting activity.

Responsibility of / Job Title

Vice Principal: Finance and Resources

Equality Assessment By Whom

Vice Principal: Finance and Resources

Date

Nov 2018

Version

3

Date of next review (month & year)

Nov 2019

Approved by

	Date
SMT	20.12.2018
ELT	
Corporation	

Related policies or procedures or parent policy if applicable

Groups/bodies consulted in the development of the policy

To be published on College website

YES



Subcontract Fees and Charges Policy 2018/19

Scope

The policy applies to all supply chain activity for the “provision of subcontracting” i.e. subcontracting delivery of full time programmes or frameworks. It does not apply to the delivery of a service as part of the delivery of a programme (for example, buying the delivery of a part of an Apprenticeship framework or outreach support).

Disclaimer

The College reserves the right to amend its subcontracting arrangements at any time in accordance with the terms and conditions contained in its standard contract for subcontracted provision.

Context

The policy is now a mandatory requirement that must be in place prior to participating in any subcontracting activity. The content of this policy has been developed in line with AoC/AELP Common Accord, the ESFA Funding rules and the LSIS Supply Chain Management document.

Overarching Principle

The College enters in to subcontracted arrangements to address the needs of and support the delivery of learning, to priority learners in the local community supporting Local, Regional and National Strategies, in addition to supporting progression.

The College will use its supply chains to optimise the impact and effectiveness of service delivery to the end user. The College will therefore ensure that:

1. Supply chain management activities comply with the principles of best practice in the skills sector. In particular they will be guided by the principles given in the LSIS publication “Supply Chain Management - a good practice guide for the post-16 skills sector” (June 2018 and subsequent iterations) and the ESFA publication “Providing external assurance on subcontracting controls” (June 2018)
2. The College will at all times undertake fair procurement activities, conducting robust due diligence procedures on potential subcontractors to ensure compliance with the Common Accord at all levels and to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learner lives.
3. The funding that is retained by the College will be related to the costs of the services provided. These services, and the levels of funding being retained for them, will be clearly documented and agreed by all parties. The rates of such retained funding will be commercially viable for both the College and the sub-contractor and will be negotiated and agreed in a fair and transparent manner. They will be proportionate to the actual services being provided.



4. Contract documents will require both parties to agree that the achievements of supply chains are attained through adherence to both the letter and spirit of contracts or partnerships. Signatories therefore commit that all discussions, communications, negotiations and actions undertaken to build, maintain and develop supply chains will be conducted in good faith in accordance with the overarching principle.

Payment Terms

- Payments will only be made to the sub-contractor once the College has received funding from the ESFA or relevant funding body.
- Subcontractors are not required to submit invoices as payments will be made upon actual income generated and recorded in the College's ILR.
- Payments will be made within 30 days following the College's ILR return.

Full details of payment terms are included in section 5 and schedule 1 of the College contract document.

Rationale for Subcontracting

The College is committed to provide high quality education and training to meet local, regional and national skills priorities. The College recognises that in order to provide such services and to better meet customer needs of our community, subcontracting and partnership working is essential. Reasons are varied and will include:

- To temporarily expand provision to meet a short/medium term need.
- To provide immediate provision whilst expanding direct capacity. This might include working with subcontractors to explore and learn about new apprenticeship frameworks or specific sectors prior to investing in resources.
- Providing access to, or engagement with, new range customers/employers.
- To ensure delivery intention is met where there is a recognised risk in direct provision (e.g. through JCP referrals not being realised).
- To provide niche delivery where the cost of developing direct delivery would be inappropriate.
- To support employers with a wide geographic requirement.

Implementation

The College will ensure that the subcontractor:

- is made aware of the clear lines of responsibility and understands the consequences of any breach of contract
- delivers a high quality service;
- will not further subcontract provision to other colleges or training organisations;
- employs experienced staff to deliver to learners and informs the College if these staff change;
- complies with the College's policies and procedures;



- complies with the law e.g. Health and Safety, Data Protection, Equality and Diversity, Human Rights;
- has been risk assessed (including risk assessed for each change in contract).

Quality Assurance

Subcontracted activity is part of the College's provision and as such, the quality of the provision will be monitored and managed through the existing College QA processes and procedures which fully encompass all subcontracted activity.

This Policy positions subcontracted provision as a core part of College activity to enable continuous improvements in the quality of teaching, learning and assessment for both the College and its subcontractors. This will be achieved through the sharing of effective practice across the supply chain for example, through the Self-Assessment Report process.

Subcontractors will be included in the College's internal audit process and will participate in:

- Safeguarding learners
- Equality and Diversity
- Regular quality assurance checks
- Short notice audit visits
- Observation of teaching and learning
- Learner satisfaction surveys

Publication of Information Relating to Subcontracting

In compliance with ESFA and other agency funding rules that apply, the College will publish its subcontracting fees and charges policy and actual end of year subcontracting fees and charges on its website before the start of each academic year.

Communication

This policy will be reviewed in each summer term and updated as required. It will be published on the College web site during the July prior to the start of the academic year in which it will be applied. Potential subcontractors will be directed to it as the starting point in any relationship.

Fees and charges 2018/19

The College's typical management fee ranges from 10% to 25% of all funding drawn down against the provision to be delivered, and is dependent on the type of provision such as short courses, long courses, Apprenticeships; the risk level of the partnership such as new partners and the level of support provided by the College as outlined in the Subcontractor Quality Manual.

The figure above represents the total cost that the College incurs in effectively identifying, selecting and managing all subcontracted provision. This includes all aspects of quality assurance to ensure subcontractors are both compliant and supported in delivering high quality teaching, learning and assessment to maximise high success rates.

The College will inform Subcontractors of the financial value to be invoiced each month (one month in arrears), by issuing the data return on the 11th working day of each month.



The College will publish data on the actual level of funding paid and retained for subcontracted provision annually in line with Agency requirements.

The rationale used to determine any different fee other than the standard College management fee will be based on a level of risk. The contributory risk factors that would result in differences in fees charged for, or support provided to, different subcontractors will include:

- Previous track record
- Success levels
- Type of customers/employers to be engaged
- Type of provision to be undertaken
- Contract duration

Subcontractor Support

Support for each subcontractor will vary, depending on their contract, needs and requirements. The following list is the support we offer to all our subcontractors as minimum and is neither prescriptive nor exhaustive:

- all learners will have access to all student services available within the college
- access to a range of electronic tools to help monitor student progress and development
- help with completion of due diligence
- help with development of and application of quality management systems
- conduct dual observations and feedback on outcomes
- access to any paperwork that is deemed beneficial to improve the quality of the provision
- information and advice disseminated to them that would share best practice on contract delivery and assessment
- certification and registration with awarding bodies
- advice on management information services and data control
- audit of management systems
- support and audit of learner paperwork

Responsibilities and Duties

The Vice Principal Finance and Resources has responsibility for ensuring that the Subcontracting Fees and Charges Policy is reviewed annually and that subcontracting procedures and other such documents comply with, and are implemented in line with ESFA requirements and best practice.