

SUBCONTRACTING FEES AND CHARGES POLICY

Subject:	Subcontracting Fees and Charges Policy 2018/19	
Origination date:	July 2013	
Last approved:	November 2018	
Effective date:	August 2013	
Person responsible:	Group Director - Finance & Resource Planning	
Approved by:	SLT	
For action by:	All Staff involved in subcontracting	POLICY NO. F7/18

Scope

This policy applies to all supply chain activity supported by funds supplied by the Skills Funding Agency, the Education Funding Agency and any successor organisations. The area of subcontracting that falls within this policy is that of subcontracted delivery of full programmes or frameworks, i.e. provision subcontracting.

Context

This policy has been developed in line with the AOC/AELP Common Accord, the SFA funding rules and the LSIS Supply Chain Management document.

Overarching Principle

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:

- a. 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”* (Nov 2012 and subsequent iterations)
- b. The college will at all times undertake fair and transparent 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.
- c. 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 sides and will be negotiated and agreed in a fair and transparent manner. They will be proportionate to the actual services being provided.

- d. Where disputes between supply chain partners cannot be resolved through mutually agreed internal resolution procedures, the college will submit to independent outside arbitration or mediation and abide by its findings. 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.

Rationale for Subcontracting

The College engages with sub-contractors to better meet customer needs. Reasons are varied but could be:

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

Quality Assurance

Sub contracted activity is an integral part of the College's provision. The quality of the provision will be monitored and managed through the existing College QA processes and procedures, as amended in order to fully encompass all sub contracted activity.

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

Contract details

On completion of all due diligence, including an initial on site quality health check, a contract will be issued to a successful subcontractor by the College. The contract will include an allocation against individual areas of delivery available to each subcontractor:

16-18 apprenticeships
19+ apprenticeships
Traineeships
Programmes for the Unemployed
Employer Responsive Offer

The allocations detailed above will determine the maximum contract value. This may be varied from time to time, depending on performance and availability of funds. Quality targets are also included within the contract.

Payment terms

All subcontractors are required to submit their claim information by 27th day of each month. Payment will be made by the 21st of the month following receipt of paperwork, and is calculated using the PFR report generated from the ILR return. The management fee is calculated and deducted monthly. Under normal circumstances, no retention is held against the payment. Full details of documentary evidence required to be submitted by subcontractors are included in the contract.

Publication of information relating to sub-contracting

In compliance with Skills Funding Agency and other agency funding rules that apply, the College will publish its sub-contracting fees and charges policy and actual end-of-year sub-contracting fees and charges on its website before the start of each academic year (and in the case of actual end of year data, as required by SFA). This will only relate to 'provision sub-contracting' i.e. sub-contracted delivery of full programmes or frameworks. It will not include the delivery of a service as part of the delivery of a programme (for example, buying the delivery of part of an Apprenticeship framework or outreach support). Provision sub-contracting lists will be agreed with local SFA Officials prior to publication.

The College will ensure all actual and potential subcontractors have sight of this policy and any other relevant documents.

Communication, Monitoring and Review

This policy will be available on the College website, and will be issued to all existing subcontractors prior to contract agreements being confirmed. Any potential subcontractors will be directed to the policy on the College's website as the starting point in any relationship.

The Senior Management Team of the College will monitor the policy to ensure its appropriateness, and will formally review and if necessary update the policy annually in July.

Audit

The College holds a certificate confirming a satisfactory audit of its subcontracting provision by the College's external auditors. This audit took place in January 2016.

Fees and Charges 2018/19

Standard College management fee is 15% of all funding drawn down against the provision to be delivered. This figure represents the total cost that the College incurs in effectively identifying, selecting and managing all sub-contracted provision. This includes the minimum amount of QA activity that the College would attach to the lowest possible risk sub contractor.

Further charges to cover additional costs may be added to the base 15% fee to cover the cost to the College of any additional support that the College deems necessary to ensure the quality of teaching and learning and the success rates of any sub contracted provision. Additional cost is determined using a weighted table of risk factors. The table is available to all actual and potential subcontractors. It is designed to ensure that the cost of any additional support provided to a subcontractor is covered through the funding retained. Additional costs will be recalculated and negotiated each year at contract renewal, giving sub contractors the opportunity to reduce their fees through continuous improvement. This approach will allow the College to focus support where and when it is needed.

Additional Support for Sub Contractors

The precise additional support given to each sub contractor will be negotiated with that sub contractor, but will be based on a risk approach and may include:

- Additional site visits
- Additional lesson observation
- Additional tutor support
- More rigorous verification
- Bespoke training for assessors
- Additional administrative support
- Additional assessment health checks

Additional charges per learner

The College may also retain funding to cover the cost of any funded activity that it might undertake on behalf of the sub contractor such as:

- Awarding Organisation fees and charges
- Hiring of facilities/equipment within / from the College
- Internal Verification
- Delivery of functional skills

Appendix 1

Fees paid to subcontractors for delivery in the period 1st August 2017 - 31st July 2018

During the period the College engaged with the following subcontractors:

Name	Company Number	UKPRN
Care First Training Limited	04769330	10013110
The Skills Network Limited	06445363	10029308
Innov8 Training & Development Ltd	08573049	10049706
Cornwall College (Centre for Housing)		10001696

	Total SFA funding claimed	Adult Classroom Delivery	16-18 Apprenticeships	16-18 Apprenticeships Levy	19+ Apprenticeships	19+ Apprenticeships Levy	24+ Apprenticeships	Management fee retained by College
Care First	£4,776	£37	£1,002		£3,021			£716
Skills Network	£59,928	£50,939						£8,939
Innov8	£15,095		£4,780	£2,601	£1,446	£2,885	£1,119	£2,264
Centre for Housing	£3,357					£2,853		£504