

Subcontracting

Fees and Charges Policy

College Vision

Our vision is to improve lives through, education, training, skills and development fostering social and economic success.

College Values

Our values are the principles that guide the way we do things.

- **Excellence:** Relentless drive for excellence in all that we do.
- **Ambitious:** Supporting innovation and creativity, and seeking opportunities to enhance all aspects of the College business
- **Focus:** We are professional and purposeful, working towards our shared strategic goals ensuring we contribute to the wider social and economic environment.
- **Accountability:** Taking personal responsibility for finding solutions
- **Inclusion:** We are open, welcoming and supportive. Our commitment to equality and diversity underpins everything we do.
- **Integrity:** We work to uphold our values in our planning and decision-making, our teaching and learning, our actions and relationships. We aim to be fair, open, honest and accountable to the communities we serve and to treat all with respect

These values underpin and inform all our strategies, plans, behaviours and actions.

Author:

Approved by:

Date approved:

Date for review:

Issue No.

Issue date:

Impact assessment date:

Scope

The policy applies to all supply chain activity supported with funds supplied by the Skills Funding Agency, the Education Funding Agency or any successor organisations.

Context

The policy is now a mandatory requirement that must be in place prior to participating in any subcontracting activity from 1 August 2016. The content of this policy has been developed in line with 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.
- e. This policy is in line with the Equality and Diversity Policy of Ealing, Hammersmith & West London College.

Rationale for sub-contracting

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

- To temporarily increase provision to expand into new markets as a short term measure
- 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 a fundamental 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 core 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 and Quality improvement plan (CIPD) SAR.

Quality Improvement

- The College actively supports subcontractors to improve continuously the quality of the teaching and learning they deliver and thereby improve the overall quality of teaching and learning to all College learners.
- The College undertakes observations on all aspects of teaching and learning including information, advice and guidance, progress reviews and assessment.
- The College provides timely and meaningful feedback to both subcontractor and delivery staff and observations will be incorporated into the College moderation and standardisation process, in order that improvement actions impact both internal and subcontract quality.
- The College carries out learner voice surveys to gather feedback from learners, combined with Learner Agenda forums.
- The College supports subcontractors to implement effective policies and procedures relating to teaching and learning including assessment and verification policies and procedures.

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 subcontracting' i.e. subcontracted 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 subcontracting 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, such as the Fees and Charges Risk Factor Table. The Fees and Charges Risk Factor Table includes:

- The typical percentage range of fees retained to manage subcontractors, and how this range is calculated.
- The rationale used to determine the level of fee retained through each sub-contract is a risk based approach.
- The contributory risk factors that would result in differences in fees charged for, or support provided to, different subcontractors might include:
 - Previous track record
 - Success levels
 - Type of customers to be engaged
 - Type of provision to be undertaken
 - Contract duration
- The risk bands that will be used to allocate college charges. Risk factors are given a score so that each sub-contractor is aware of why they are in a particular band, this process will be used to give sub-contractors an incentive to improve and thus reduce the risk band that they fall in. For example, higher risk sub-contractors will be allocated less funding but receive more monitoring and support.
- Details of any successful completion 'bonuses' where sub-contractors are paid some of the money retained, once it is clear that they will fulfill their contract.
- Payment terms between the college and subcontractors - timing of payments in relation to delivering provision and timescale for paying invoices and claims for funding received.
- The support subcontractors will receive in return for the fees charged.

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 sub-contractors will be directed to it as the starting point in any relationship.

The Fees and Charges Risk Factor Table 2016/17

Fees retained and variation in fees charged or support provided to different subcontractors

- The typical percentage range of fees retained to manage subcontractors is between 15% and 25%.
- The range is calculated based on the level of resource required to manage effectively the individual subcontractor relationship to ensure that the quality of delivery to learners is maintained and that any risk to the College and Skills Funding Agency is mitigated.
- Higher fees are retained where more comprehensive support needs are identified, for example to improve the quality of some or all of a subcontractor's delivery or if the College provides substantial delivery resources (material, staff, premises).

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 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.

| | Weighting |
|--|--------------------|
| Risk Consideration | Low to High 1-4 |
| Previous Track Record | 4 |
| Success Rates | 4 |
| Financial Strength | 3 |
| Geographical Location of Teaching and Learning | 4 |
| Sector Subject Area | 1 |
| Contract size | 3 |
| Length of planned Programmes | 2 |
| Type of customers to be engaged | 4 |
| Type of provision to be undertaken | 3 |
| New sub-contractor (first engagement) | 3 |

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 band' approach and may include:

- Additional site visits
- Additional lesson observation
- Additional tutor support
- More rigorous verification

The risk band will be determined using the table above.

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

Support provided to subcontractors

- The College provides a Contract Manager to manage the relationship with the subcontractor.
- The College provide as Quality Manager to ensure that the quality of subcontractor's delivery meets its expectations and to support the continuous improvement of the subcontractor's provision.
- The College provides administration support to ensure the timely recording of learner information on the College's ILR.
- The College undertakes a regular and substantial programme of quality assurance checks on the education and training provided by subcontractors, including visits at short or no notice and face-to-face interviews with staff and learners. These checks include whether the learners exist and are eligible, and involve direct observation of initial guidance, assessment and delivery of learning programmes.
- The College ensures that all of the subcontractor's delivery meets the Skills Funding Agency's Funding Rules.
- The College ensures that any Apprenticeship provision delivered by subcontractors meets all of the required standards including individual Apprenticeship frameworks and the Statement of Apprenticeship Quality.

Payment terms

- Subcontractors will be paid monthly in arrears.
- Payment will be based on actual delivery evidenced through the College's ILR.
- Payment by BACS will be made within 30 days of the subcontractor submitting a validated invoice to the College

