



KMS 707

**Subcontracting
Supply Chain fees and charges policy
2019 / 2020**



Created by:	Deputy Principal (F&CS)	Review Date:	July 2021
Approved by:	Strategic Management Team	Responsibility for Review:	DP (F&CS)
Date Approved:	June 2020		

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Scope

This policy applies to all supply chain activity supported with funds supplied by the Education and Skills Funding Agency (ESFA) or any successor organisations. Where a partnership or collaboration is formed, these arrangements should not be confused with sub-contracting and they do not fall within the scope of this policy.

Context

The policy is now a mandatory requirement that must be in place prior to participating in any sub-contracting activity from 1 August 2013. 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.

Over-arching Principle

In line with the Common Accord, when working through a sub-contractor, we commit to the "Overarching Principle" to optimise the impact and effectiveness of service delivery to the end user by:

- aligning our processes with the LSIS Supply Chain Management document,
- undertaking fair and transparent procurement activities,
- conducting robust Due Diligence procedures,
- maintaining and publishing a Fees and Charges Policy that relates the Management Fee (i.e. the retained funding) to the costs of the services provided,
- clearly documenting and agreeing with all parties, the Fees and Charges applied to each sub-contract,
- submitting any disputes that cannot be resolved between supply chain partners to independent outside arbitration or mediation and to abide by its findings,
- directly supporting our sub-contacting partners in staff development opportunities, service delivery improvement and sharing information, for example, Matrix accreditation support, Prevent and safeguarding training.

Rationale for sub-contracting

We will work through a sub-contractor only when:

- the proposed delivery has clear strategic fit,
- there is sufficient curriculum / delivery expertise within the college to quality assure the provision,
- the proposal addresses areas that we ourselves consider to be a priority,
- there is sufficient staff resource in support areas to administer the processes (see below),
- there is clear value for money,
- the sub-contractor is approved via our Due Diligence process (see below),
- there is sufficient funding available within our funding contract (if applicable),
- the sub-contractor agrees to work within the terms of our contract.



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Possible drivers for working through a sub-contractor could be:

- there is insufficient capacity / resource within the college to deliver ourselves,
- we do not consider that the long term demand is sufficient to establish our own infrastructure,
- we are unable to respond to a deadline ourselves,
- a project that is discrete and timebound,
- the start-up costs for in-house delivery are prohibitive,
- it is considered that the provision is best delivered independently of the College,
- sub contracted delivery is in the best interests of the students,
- an opportunity to test a new area / market,
- an opportunity to reduce risk exposure,
- a suitable route for expansion in a new area / market,
- an opportunity to access a new market that we are unable to access via direct delivery.

Quality Assurance

Sub contracted activity is as important as directly delivered provision. The quality of provision will be monitored and managed through existing college QA processes and procedures. This policy positions sub-contracted provision as a core part of our activity to enable continuous improvements in the quality of teaching and learning for both the college and our sub-contractors. This is achieved through the sharing of effective practice across our supply chain, for example through the self-assessment process and via a programme of on-going monitoring visits.

Setting Fees and Charges

Our standard management fee is up to 20% of all funding drawn down against the provision to be delivered (including fees paid by learners). This amount represents the costs that we incur in identifying, selecting, managing and administering all sub-contracted provision. It is based on the amount of activity required to ensure a quality provision that meets the ESFA guidelines in force at the time.

The management costs include those costs related to, but are not limited to, the following activities:

- site visits,
- lesson observations,
- support for delivery staff,
- verification and quality assurance.

Details of all additional services are documented in the Contract.

Sub-contractors are paid by the 15th of each month based upon the funding information contained within the previous month's PFR Return.



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Assessing Risk

We use the following standard factors to assess the risk rating of each sub-contractor:

- previous experience in the area of delivery,
- evidence of quality of delivery e.g. Success Rates, Ofsted reports,
- type of provision to be undertaken,
- contract duration,
- new sub-contractor to the college,
- feedback from referees about working relationships,
- CVs of staff to be involved in the delivery,
- quality of physical resources.

Each category will be assessed as H(igh), M(edium) or L(ow). Where any category has a score other than L(ow) then an additional charge will be calculated.

Sharing information with sub-contractors

We commit to ensuring that all potential sub-contractors have sight of this policy any other relevant documents in advance of the Tendering and Due Diligence process.

We share with our sub-contractors what they need to do in order to reduce their Risk Rating. A new Risk Assessment is carried out each year for each sub-contractor and the charges for the forthcoming year are adjusted accordingly.

Publication of information relating to sub-contracting

In compliance with ESFA (and other Agency) rules that apply, we publish this Fees and Charges Policy before the start of each academic year on our website.

The sub-contracting fees and charges for the academic year 2019/2020 are:

Organisation	UKPRN	Start Date	End Date	Provision	Total ESFA Funding	Paid to Contractor	Retained
Side by Side Partnership	10030265			Apprenticeships	£8,747.00		
Educ8 Training	10005310			Apprenticeships	£27,716.00		
The Dorset & Wiltshire Fire and Rescue service	10064386			Adult Education	£89,712.00		

This relates only to "provision sub-contracting" i.e. sub-contracted delivery of full programmes or frameworks; it does not include the delivery of a service as part of the delivery of a programme (for example, buying the assessment or delivery of part of an apprenticeship framework or outreach support).



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Provision sub-contracting lists will be agreed with local ESFA officials prior to publication.

Communication

This policy is reviewed each year and updated annually. It will be published on our website 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.



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