

Title	Author	Approved By Corporation 14 th July 2015		Review Date
Sub-Contracting (Fees & Charges) Policy 2017/18	Stacey Calvert	Latest Update: SMT Latest Update: Corporation	3 rd July 2017 11 th July 2017	July 2018
Impact Assessment:				Dec 2014

To be reviewed annually

SUB-CONTRACTING (FEES & CHARGES) POLICY 2017/18

1 Purpose

The purpose of this policy is to outline the college policy for Sub-Contracting (Fees and Charges)

2 Scope

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

3 Context

The policy is now a mandatory requirement that must be in place prior to participating in any sub-contracting activity for each academic year and has operated 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.

4 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.

5 Rationale for sub-contracting

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

6 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 Quality Assurance 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 setting of Key Performance Indicators and Excellence Panels, as well as Self-Assessment Report process.

7 Publication of information relating to sub-contracting

In compliance with Education & 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 ESFA). This will only relate to 'provision subcontracting' i.e. subcontracted delivery of full programmes frameworks or standards. 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 ESFA 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 fulfil 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.

8 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.

9 The Fees and Charges Risk Factor Table 2017/18

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 Quality Assurance activity that the College would attach to the lowest possible risk sub-contractor. In return for the fee, subcontractors receive the following support, guidance and challenge:

- A named contract manager as first point of contact who will respond quickly to any queries and monitor the contract throughout its duration
- Three review meetings per year where provider performance against contract and the quality of delivery are reviewed and action plans for improvement agreed
- Access to a range of staff and management CPD at the college
- Active involvement, support and challenge as part of the self-assessment and quality improvement process
- Course code set ups for all courses delivered
- Enrolment of learners onto the ILR
- Monthly MI reports on learners
- ILR returns, data validation and reporting to funding bodies
- Audit checks of all aspects of delivery and supporting documentation
- Annual credit check

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.

Overall Rating	Risk	Impact	Total	% withheld
Previous track record				
Success levels				
Type and number of customers to be engaged				
Type of provision to be undertaken				
Contract performance and duration				
New sub-contractor (first engagement)				
Range of delivery locations				

Risk		Weighting	
Low	= 1 – 3	Low	= 1 – 3
Medium	= 4 – 6	Medium	= 4 – 6
High	= 7 – 10	High	= 7 – 10

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
- Weekly Keep in Touch phone calls with a specialist funding manager
- Support and advice with strategic planning
- Support and assistance with bidding and funding diversification
- Support for specialist staffing

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

10 Payment Arrangements

Contract fees for the delivery of learning are payable monthly in arrears after the submission of each ILR return to the data service and based on all valid continuing learners in each return minus the subcontracting fee and a balancing fee that is reconciled three times during the year. The full schedule and profile will be included within your contract documentation.

11 Equality and Diversity Statement

Selby College welcomes and celebrates equality and diversity. We believe that everyone should be treated equally and fairly regardless of their age, disability, gender, gender identity, race, religion or belief, sexual orientation and socio-economic background. We seek to ensure that no member of the College community receives less favourable treatment on any of these grounds which cannot be shown to be justified.

This document is written with the above commitment, to ensure equality and diversity is at the centre of working life at Selby College.

12 Safeguarding Policy

Selby College recognises its moral and statutory responsibility to safeguard and promote the welfare of students. We work to provide a safe and welcoming environment where students are respected and valued. We are alert to the signs of abuse, neglect, radicalisation and extremism and follow our procedures to ensure our students receive effective support, protection and justice. Selby College expects Governors, staff and volunteers working on behalf of the college to share this commitment.

13 Fraud, Bribery & Corruption

The Fraud Act 2006 introduces a new offence of fraud, which can be committed in three ways:

- Fraud by false representation
- Fraud by failing to disclose
- Fraud by abuse of a position of trust

All offences occur where the act or omission is committed dishonestly and with intent to cause gain or loss. The gain or loss does not have to succeed, as long as there is intent.

The Bribery Act 2010 makes it a criminal offence to bribe or be bribed by another person by offering or requesting a financial or other advantage as a reward or incentive to perform a relevant function or activity improperly performed.

Further information, including how to raise concerns, is included within the Anti-Fraud and Anti-Bribery & Anti-Corruption Policies.

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Sub-Contracting (Fees & Charges) Policy 2016/17	Liz Ridley	Latest Update: SMT Latest Update: Corporation	6 th July 2015 12 th July 2016	July 2017
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