



Subcontracting Fees, Charges and Payments Policy 2017/2018

Scope

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

Context

The policy is driven by a mandatory requirement of the Education Skills Funding Agency that must be in place prior to participating in any subcontracting activity from 1 August 2017. The content covered in 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

Buckinghamshire College Group in order to ensure it can comply with all its responsibilities as a publicly funded organisation will use subcontractors where appropriate to optimise the impact and effectiveness of service delivery to the end user. The college will therefore ensure that:

- a. All subcontracted activity complies 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 2013 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 and funding agency rules at all levels and to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learners and employers.
- c. Any funding retained by the college will be related to the costs of the services the College provides to their subcontractors. These services and related charges will be clearly documented in the subcontract agreement which will be signed by all parties prior to the commencement of any activity. 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 written in line with the Equality and Diversity Policy of Buckinghamshire College Group.

Rationale for sub-contracting

The College contracts with other parties to ensure local, regional and national needs are best served. There are many reasons that Buckinghamshire College Group enter into subcontracting arrangements as and when the market conditions dictate, but typically are:

- To temporarily expand provision to meet a short term employer need in line with LEP priorities.
- To provide immediate provision whilst expanding direct capacity. This might include working with sub-contractors to explore and learn about new frameworks / standards or sectors prior to investment in resources.
- To provide 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

Buckinghamshire College Group recognises Sub contracted activity as a fundamental part of the College's overall provision. And as such will be monitored and managed through the existing College Quality Assurance processes and procedures.

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 partnership networking events.

Fees and Charges 2017/18

The College management fee is deducted from the ESFA rate based on the funding income received.

The typical management fee percentage is 20% for experienced, long-term subcontractors who do not require any additional support over and above the management, administration and quality obligations of Buckinghamshire College Group as follows:

The management fee will be reviewed and is open to negotiation with each subcontractor. The agreed value will be confirmed within the signed contract between both parties

Variations to these charges are determined by identifying other factors that could have a material impact on this baseline. An evaluation of the complexities relating to:

- Historical Data – Overall Timely Success Rates
- Financial Risk Rating
- Geographical Location of Teaching and Learning
- Sector Subject Area
- Contract Length
- Type of Programmes
- Type of customers that are to be engaged
- Type of provision that is to be undertaken
- If it is a new sub-contractor to Buckinghamshire College Group
- Any activities that the College undertake on behalf of the Subcontractor, i.e. Verification, Certification, Employer Engagement
- The use of College facilities or resources to support the activity

Support provided by the College in relation to the management fee

The above quoted standard 20% management fee included the following activities that the College would attach to the lowest possible risk sub-contractor. Further charges to cover additional costs may be added to the base 20% fee to cover the cost to the College of any additional support that the College deems necessary to ensure the quality of delivery and the success rates of any sub contracted provision.

- Designated contact for subcontracted delivery
- Dealing with partner queries
- Advice and support related to national agencies and funding bodies
- Preparation of the contract agreement
- Collecting and updating due diligence
- Performance management and Contract review meetings
- Paperwork templates for student enrolments
- Paperwork checks and audit compliance
- Monitoring of student progress
- Quality and compliance monitoring
- Coordinating self-assessment processes
- Administration support to process the data
- Data submission via Buckinghamshire College Group MIS Individual Learner Record (ILR)
- Managing additional schemes related to provision (e.g., AGE grant)
- Management of funding, finances and reconciliation
- Preparation and processing of payments

- Monthly Payment information with transparent calculations to detail both the funding claimed by Buckinghamshire College Group and the payment passed to the subcontractor



Variation in Management Fees

If any of the above listed factors are believed to incur additional costs to the College through the College having to put in place additional support, via increased monitoring and guidance the management fee will be recalculated and negotiated accordingly.

For example, a subcontractor deemed a higher risk will be allocated less funding (a higher management percentage of funding will be retained) but in return will receive higher levels of monitoring and support from the College.

Payment Terms

The College will pay subcontractors on a monthly basis in line with actual funding drawn down from the relevant funding agency as per the individual contract agreement. The College will advise the subcontractor monthly of the amounts eligible for invoicing in line with the relevant Agency Funding rules.

Communication

This policy will be reviewed and updated in line with current funding guidance and published on the college website, in the partner's portal prior to the start of each academic year.

Potential sub-contractors will be directed to it as the starting point in any relationship. Current Subcontractors will receive a copy with the primary contract in 2017/2018

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 the agencies). 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).

The College will ensure all actual and potential subcontractors have access and sight of this policy and any other relevant documents relating to any subcontracting arrangements.

Reviewed July 2017 and approved by Governors at corporation meeting: 12th October 2018
Next Review July 2018 or in response to any funding or QA changes

Tim Keighley

July 2017

