



South Downs College

SUB-CONTRACTING POLICY

Incorporating Supply-Chain Fees and Charges Policy

Responsible Senior Manager:	Assistant Principal Finance & Facilities
Governors Approved:	November 2015 *
Related Policies:	
Effective from:	01/08/16
Next Review Date:	March 2017



European Union
European Social Fund
Investing in jobs and skills

* To be approved by F&E Committee March 2017

SUB-CONTRACTING POLICY

South Downs College is committed to high quality provision and an outstanding learner experience for all its learners, including those receiving their provision through one of our partners. Quality and achievement are key drivers to the provision and partners are required to adhere to our Policies and Procedures for the delivery of Teaching, Learning and Assessment (TLA) and engage positively in the process of continuous improvement and self-assessment.

The governing body and Accounting Officer must be satisfied that all sub-contracting undertaken meets the College's Strategic aims and enhances the quality of the offer to learners, and where entering into sub-contracting arrangements, that the Subcontractor is determined to be of a high quality and low risk.

Scope

This document applies to all supply chain activity supported with funds supplied by the Skills Funding Agency (SFA) or any successor organisations.

The Sub-contracting Policy is a mandatory requirement that must be in place prior to participating in any sub-contracting activity. The content of this policy has been developed in line with AoC/AELP Common Accord, the SFA Funding Rules and South Downs College acknowledges their support in its development.

The Policy

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 SFA Funding Rules.
- b. The College will at all times undertake fair and transparent procurement activities, conducting robust due diligence procedures on potential sub-contractors 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.

South Downs College is seeking to deliver the majority of its funding through direct delivery in 2016/17. Any sub-contractors will be contracted on a limited basis and only when the best interests of the College's community are served through the use of partners. The College will only use sub-contractors when it believes it has the appropriate knowledge, skills and experience within the organisation to successfully procure, contract with and manage these sub-contractors. The College has established procedures relating to the safeguarding of learners, which would include ensuring that sub-contracting does not lead to inadvertent funding of extremist organisations.

Rationale for Sub-contracting

South Downs College is committed to the high quality delivery of a wide range of courses to meet its wider community's needs, in line with the funders' priorities and identified skills gaps. Where appropriate a small percentage of that delivery is delivered through high quality partners with the experience and expertise to meet specific learner needs.

Sub-contracted delivery has previously been used to:

- provide immediate provision to meet a specific identified need whilst reviewing the expansion of direct capacity.
- Provide access to, or engagement with, a new range of customers.
- support another provider to develop capacity/quality.
- provide niche delivery where the cost of developing direct delivery would be inappropriate.
- support employers with a wide geographic requirement

The College will not sub-contract just to meet short-term funding objectives.

Any sub-contracting arrangement entered into is subject to due diligence and is signed off by the Accounting Officer (Principal).

Quality Improvement

All learners who are provided with education and training under a sub-contract remain the responsibility of the College. All learners and employers supported through sub-contracting arrangements are told about the College's and the Sub-contractor's roles and responsibilities in providing the learning.

Sub-contracted activity is recognised as 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. All Sub-contractor partners will work with our experienced Quality Improvement Team to ensure that delivery in our name meets our robust requirements for experience and achievement.

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

The College will robustly manage and monitor all sub-contractors to ensure that high-quality delivery is taking place that meets the specific funding requirements for each programme delivered.

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 the 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).

The College will ensure all actual and potential sub-contractors have sight of this policy and any other relevant documents, specifically our formal Sub-contracting Agreement and Due Diligence process which outlines:

- The percentage range of fees retained to manage sub-contractors, and how this range is calculated.
- The rationale used to determine the level of fee retained through each sub-contract, which is a risk based approach.
- The contributory risk factors that would result in differences in fees charged for, or support provided to, different sub-contractors which might include:
 - Previous track record
 - Success levels
 - Type of customers to be engaged
 - Type of provision to be undertaken
 - Contract duration
- Payment terms between the College and sub-contractors – timing of payments in relation to delivering provision and timescale for paying invoices and claims for funding received.
- The support sub-contractors will receive in return for the fees charged.

Communication

This Policy will be reviewed each year and updated as required. It will be published on the College web site. Potential sub-contractors will be directed to it as the starting point in any relationship.

Supply-Chain Fees and Charges Policy

Standard College management fee is 20%-30% 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.

The College reserves the right to cover additional costs which may be added to the standard management 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 costs are unusual and partners will be informed in writing prior to them being incurred. All contracting is done on an annual basis and agreements will be recalculated and negotiated each

year at contract renewal, giving sub-contractors the opportunity to reduce their fees through continuous improvement.

Payments to sub-contractors will be made following satisfactory validation of Individual Learner Record (ILR) information. The College shall make payment to any sub-contractor within 30 days of receiving a valid claim for payment.

All sub-contracted provision is subject to a full legal agreement with the College and failure to meet robust quality requirements may result in the withdrawal of all funding.

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 observations
- Additional tutor support
- More rigorous verification

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

Such payments will be agreed in advance and confirmed in writing.

Audit Requirements

Sub-contractor arrangements are subject to external audit, including Ofsted and all funding agencies. Co-operation with these processes are explicit within the contracting agreement.

When the College enters into sub-contracts for the purpose of delivering provision under its SFA Financial Memorandum with an aggregate value of £100,000 or more in any one year, it must obtain an annual report from its external auditors which provides assurance on the arrangements that the College has in place to manage and contract its sub-contractors.

Review of Sub-contracting Policy

This document is subject to regular review to ensure that the best interests of learners are met and that the College and all of its provision meet the full requirements of the funding bodies.