

## SUB-CONTRACTING POLICY

---

### 1. Scope

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

### 2. Reference

The Sub-Contracting Policy is 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 the relevant Funding Rules, the LSIS Supply Chain Management document and the AOC/AELP Common Accord.

### 3. Documentation

The policy will be made available on the SCC Group intranet and hard copies will be available on request. This will also be available on the SCC Group Website.

### 4. Monitoring and Review

The policy will be reviewed on a regular basis in accordance with legislative developments and the need for good practice.

<b>Responsibility for review:</b>	Director of Finance
<b>Approval Date:</b>	27 <sup>th</sup> July 2020
<b>Review Date:</b>	July 2021
<b>Endorsed by:</b>	Group Principal Senior Leadership Team Corporation
<b>Owned and Authorised by:</b>	Director of Finance
<b>To Ensure:</b>	Compliance with the College's Financial Regulations, Funding Agency rules and College Partnership Provision Strategy.

## SUB-CONTRACTING POLICY

---

### Overarching Principle

This policy outlines the approach Salford City College will take in regards to sub-contracting Education and Skills Funding Agency (ESFA) and Greater Manchester Combined Authority (GMCA) provision.

This policy compliments our strategic priorities to grow in key markets. Our aim is to build long term partnerships with providers who can complement and strengthen our offer to meet local needs and support Government priorities, and who can engage with learners for whom the College environment is not conducive to their cultural and social needs.

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:

- 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).
- 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.
- 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.
- 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.

This policy should be read in conjunction with the College’s Supply-Chain Fees and Charges Policy and Partnership Provision Strategy.

## **SUB-CONTRACTING POLICY**

---

### **Reasons for subcontracting**

The College recognises the need to offer as diverse a range of provision as possible, in as flexible and cost effective a way as possible. By working in partnership with subcontractors the College is able to do the following:

- Training linked to employer demand throughout the Salford and Greater Manchester region.
- Opportunity to develop the College offer in new markets.
- Community engagement offering non-accredited provision in the most deprived areas of the city such as those areas identified as cold spots for provision.
- Access to new cohorts of learners who would not otherwise be able access the College.
- Opportunity to increase the College's reach, including those who are unable/unwilling to attend main College sites, by offering flexibility in delivery of provision at times and venues convenient to learners and employers.
- Access to key target learner groups throughout the City.
- Progression into employment or education, particularly onto College programmes such as HNC/HND.
- Well established, bespoke facilities and staff expertise to support good teaching and learning.

### **Due Diligence**

A robust process is in place to identify and contract with new partners. The Supply Chain sub-contracting policy is discussed with potential partners during early negotiations. A due diligence process takes place that includes (but is not limited to) legal, financial and quality checks, includes an initial quality visit, declaration of any conflicts of interest and reference checks. Credit checks are obtained for all sub-contractors and a risk-based approach would be used for any businesses for which the credit rating was low or the company was newly formed.

All this information would be considered before the College made a decision of whether to contract with the partner.

In line with ESFA (and GMCA) policies, all organisations considered for sub-contracted provision must hold a valid UKPRN number, and if the contract value exceeds £100,000 enter and be approved on the UK Register of Training Organisations. This also applies if the contract would take the total value of sub-contracts that the sub-contractor holds to deliver education and training to £100,000 or more.

During the contracting year, as required by the ESFA and GMCA, we will complete the Sub-Contractor Declaration Form. At the end of the year, we will publish data on actual level of funding paid and retained for each sub-contractor.

## **SUB-CONTRACTING POLICY**

---

### **Improving Quality**

The College is committed to continual improvement in teaching and learning, both in its own direct provision and in its subcontracted provision. A range of approaches are employed in order to do this, such as session observations and Self-Assessment Reports. The following processes are in place to help monitor the quality of subcontracted provision, and actively improve quality on an on-going basis:

- A robust schedule of Quality Assurance Audits that are carried out throughout the year.
- Annual Reviews with target setting.
- Regular monitoring meetings between the College and all its subcontractors (with a minimum of one per half term).
- Training and Development workshops (as appropriate).

### **Fees**

The fees are set out in the Supply-Chain Fees and Charges Policy. A standard College management fee of 15% of all funding drawn down against the provision will be applied as a benchmark figure. This figure has been calculated as a representative cost to the College in effectively identifying, selecting and managing these contracts. The College will individually assess each sub-contractor prior to any and each agreement with that sub-contractor and an open rationale will be used to determine the level of management fee retained by the College.

In some cases an Additional Management Fee of 5% may be charged if the College undertakes further functions in terms of managing the sub-contracted provision, such as, but not limited to:

- Registering learners with awarding bodies.
- Incurring the cost of examination fees.
- Responsibility for Internal Quality Assurance of provision.
- Increased Quality Assurance Audits if provision is new or is underperforming.
- Additional support necessitated due to sub-contractors poor performance (in relation to delivery of provision, poor achievement rates or administration processes linked to provision).
- Type of provision, for example more resources will be required to manage the administration of apprenticeship programmes than some other types of programmes.
- New subcontractor due to the increased administrative burden and higher risk resulting in increased monitoring.

In these cases an Additional Management Fee will be applied to the sub-contracted provision as well as the Standard Management Fee. This fee will be agreed with sub-contractors prior to the issuing of contracts, and will be reviewed prior to annual re-contracting. Such arrangements are expected to be in place for a year but with a

## **SUB-CONTRACTING POLICY**

---

view to them reducing subject to satisfactory evidence being collected during the year.

### **Payment Terms**

Payment terms will be dependent upon the type and length of provision sub-contracted. Payments will be made monthly based on income generated in the latest ILR submission, and upon receipt of a signed claim form from the partner, confirming all details on the claim form are correct. When the learner achieves, a certificate of achievement or other acceptable awarding body documentation must be submitted. Further information on payment terms are set out in the Supply-Chain Fees and Charges Policy.

### **Intervention**

When a sub-contractor is not performing according to contract or there have been other significant issues identified which may be of a financial, quality or audit nature, intervention by the college may include:

- Action plan with or without identified support.
- Financial penalty.
- Quality “notice to improve” issued.
- Higher management fee imposed with mandatory support.
- Termination of contract.

If, for any reason, either party terminates the contract, the College would assume responsibility for the delivery of the remainder of the learner programme. Should the College not have the relevant resources to perform this, the College would source an alternative provider or retain specialist teaching expertise and/or specialist equipment to ensure that the learners complete their programmes without disruption, whichever is more cost-effective. Any provision planned but not yet started will be cancelled and the project closed. A detailed contingency plan is in place to deal with this eventuality.

### **Prevent**

The College will work with sub-contractors to promote the Prevent Strategy and any concerns raised with regard to financial irregularity or misuse of funding will be immediately reported to the relevant authority.

### **Policy Review**

The College will review this policy annually.