

Provision Subcontracting (Fees and Charges) Policy

2021/22

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1. Introduction and context

- 1.1 Burton and South Derbyshire College (BSDC) undertakes limited subcontracted activity each year with partners selected for their ability to augment College capacity for serving groups which are harder to reach, either geographically, socially or culturally; to enable innovation, market testing and practice sharing with provision outside the core College offer; and to offer a wider range of provision without escalation in estate, overhead or pay costs.
- 1.2 The College's Subcontracting Policy is revised annually to reflect Burton and South Derbyshire College's drive for continual improvement and external changes set out by the Education and Skills Funding Agency (ESFA) Funding Rules. Sub-contracting practice and approaches also form part of the College's internal audit and assurance cycle in order to obtain assurance about BSDC's ability to effectively manage subcontracted provision.
- 1.3 In accordance with changes introduced to Education and Skills Funding Agency Funding Rules for academic year 2021/22, Burton and South Derbyshire College's Provision Subcontracting policy has been re-developed in line with AoC/AELP Common Accord, Education and Skills Funding Agency Funding Rules 2018/2019) and the LSIS Supply Chain Management Good Practice Guide for the Post Sixteen Sector.

2. Scope

- 2.1 This policy applies to all subcontracting activity defined as "Provision Subcontracting"; the delivery of full or partial programmes or apprenticeship frameworks and standards supported with funds supplied by the Education and Skills Funding Agency.
- 2.2 The policy sets out the rationale for provision subcontracting, the arrangements and responsibilities for subcontract activity including due diligence and quality assurance, the range of fees and charges, and the arrangements for publication of fees and charges on an annual basis.

3. Rationale and Purpose

- 3.1 Burton and South Derbyshire College undertakes limited subcontracted activity each year with selected partners for the following reasons:
 - 3.1.1 to augment College capacity to widen participation for serving groups which are harder to reach, either geographically, socially or culturally;
 - 3.1.2 to support an entry point for disadvantaged learners and those who share protected characteristics where there might otherwise be gaps;
 - 3.1.3 to enable innovation, market testing and practice sharing in relation to provision outside the core College offer;
 - 3.1.4 to offer a wider range of provision and without escalation in estate, overhead or pay costs;
 - 3.1.5 to respond to the needs of existing customers with effective third-party solutions while expanding direct capacity;

3.1.6 to support another provider to develop their provision, quality and capacity and ensure constructive partnership working within our local community;

3.1.7 to deliver solutions for employers.

4. Provision Subcontracting

4.1 The Principal and Chief Executive is authorised to contract with external organisations to deliver provision on behalf of the College.

4.2 The College will conduct provision subcontracting activity in accordance with the Education and Skills Funding Agency Rules and with a commitment to and in line with the Overarching Principle of Common Accord:

4.2.1 *Overarching Principle of Common Accord*

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 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.

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.

4.3 Throughout the term of the contract, as an agreed minimum standard, the College will provide the following services to the sub-contract partner in relation to the sub-contracted provision:

- Regular review meetings which will include monitoring and reporting of progress against financial targets
- Support with funding rule compliance
- Input of enrolment documentation submitted
- Submission of funding data to ESFA
- Monthly funding reports and invoice approval

- Weekly monitoring reports
- Ongoing data checks and support to resolve data queries
- Quality improvement support including, paired reviews, learner walks, announced and unannounced visits and quality improvement plan reviews.
- Access to College professional development guidance and general College training sessions
- Audit activities such as learner file and policies and procedures audits.
- External subcontractor assurance

5. Due Diligence and Quality Assurance

- 5.1 We will continue to develop robust and transparent due diligence processes, quality assurance and a strong internal audit regime which balances the risk associated with partnership provision while working reciprocally with partners to develop and improve practice and outcomes across both organisations.
- 5.2 We will carry out due diligence and quality assurance assessment prior to subcontracting with new and existing partners. This includes pre-qualifying questionnaire, declaration and submission of detailed quality assurance information and supporting evidence, a quality assurance visit.
- 5.3 All subcontract partners will be subject to in-year performance monitoring and risk rating through a variety of forms, including but not limited to, monthly review meetings, announced and unannounced visits, session observations and paired observations, telephone and online surveys of learners and employers, retention, achievement and success measures, Self-Assessment Reporting and Quality Improvement Planning.

6. Improving Quality of Teaching and Learning

- 6.1 We will carry out paired observations with partners to quality assure teaching, learning and assessment and share best practice in teaching methods.
- 6.2 Working with partners provides more opportunities for learners with a wider range of provision on offer and/or opportunities in a wider geographic location.

The due diligence process requires partners to submit detail about their delivery methods for each aspect of provision they would like to offer. This is reviewed prior to contracting the provision to ensure the delivery method and support for the learners is robust and aligns with the College's vision.

- 6.3 Performance is reviewed at the end of each academic year; this includes but is not limited to, achievement rates, learner feedback and review outcomes. BSDC may issue notices to improve served on underperforming areas and in some instances provision not contracted in the subsequent academic year.

7. Fees and Charges

- 7.1 The College management fee represents the total cost that Burton and South Derbyshire College incurs in effectively identifying, selecting, establishing and subsequently managing a low-risk subcontractor requiring the minimum level of quality monitoring and support.

- 7.2 Fees are negotiated on an individual basis and may vary dependant on the cost incurred for support and management activity required to mitigate the risk level and ensure the quality and success of the subcontracted provision.
- 7.3 Several weighted risk factors for each provision are rated and a total score assigned to determine the level of management support required above the minimum base line. These factors include previous performance, timely success rates and type of provision.
- 7.4 The management fee will be negotiated with the subcontractor prior to contract. This will be based on the identified risk rating and value of the services identified. It will also be detailed in the relevant schedule within the contract.
- 7.5 Additional fees may also be levied to cover the cost of extra services provided by the College at the subcontractor's request; these could include awarding body fees, venue hire, internal verification; diagnostic assessment.
- 7.6 All subcontractors will be issued with a standard contract, drawn up by College solicitors in accordance with the Education and Skills Funding Agency guidance, with accompanying schedules and appendices detailing fees and evidence requirements negotiated with the College.
- 7.7 Payment will be made in accordance with the terms and schedules of the Contract and upon receipt and verification of invoice, registers and other specified documentation set out in the Contract.
- 7.8 Risk scores will also be calculated in year as part of performance monitoring. Improvements made in year will be reflected in future pre-contracting scores, enabling sub-contractors to negotiate lower management fees with BSDC over time.
- 7.9 Where the subcontract partner fails to meet minimum levels of performance, the College reserves the right to vary the agreement value accordingly.

8. Payment Terms

- 8.1 Subcontract partners are paid their agreed contribution in accordance with activity recorded on each ILR return.
- 8.2 After each ILR return the Provider Finance Report (PFR) is reconciled and each subcontract partner delivering under the AEB funding line will be supplied with an invoice value within 5 working days of receipt of the PFR. For partners delivering under any other funding stream, invoicing schedules are negotiated and advised in accordance with the agreed schedule.
- 8.3 Invoices are paid on 30 days terms from the date supplied on the invoice.

9. Publication of Information Relating to Subcontracting

- 9.1 In compliance with the Education and Skills Funding Agency rules, the College will make available to the ESFA the actual level of funding paid and retained for each of our delivery subcontractors in 2021/22. This will be made available in accordance with instructions issued to the College by the ESFA in year.
- 9.2 The Colleges Provision Subcontracting (Fees and Charges) Policy will be made available to all existing and potential subcontractors on the College website and on request. The policy will be

subject to annual review as well as in-year updating to reflect changes in the Education and Skills Funding Agency Funding Rules, Financial Memorandum and other guidance; as well as internal quality improvement and changes initiated by the College Corporation. Substantive changes between policy versions will be highlighted and separately published as an accompanying document to aid transparency.