

# Herefordshire, Ludlow and North Shropshire College

## Sub Contract Policy 2019-20

### Scope

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

### Context

The policy is now 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 AoC/AELP Common Accord, the ESFA Funding rules and the LSIS Supply Chain Management document.

### 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.

### 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

## **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 QA 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 Self-Assessment Report process.

## **Publication of information relating to sub-contracting**

In compliance with Education and Skills Funding Agency and other agency funding rules that apply, the College publishes its sub-contracting fees and charges policy on its website 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 Policy is available on-line at [www.hlcollege.ac.uk](http://www.hlcollege.ac.uk) and can be made available in hard copy upon request.

The College will ensure all actual and potential subcontractors have sight of this policy and any other relevant documents. The policy will be discussed with all current and future subcontractors during contract negotiation meetings.

## **Management Fees**

Herefordshire, Ludlow & North Shropshire College retains a management fee from all subcontracted partner organisations, typically in the range 30% to 27%. The fees charged reflect the total cost that the College incurs in effectively identifying, selecting and managing all sub-contracted provision. This covers 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.

Subcontractors working with Herefordshire, Ludlow and North Shropshire College receive a high level of support and guidance and access to College systems, including: -

- Quality management systems
- Management Information Services and data control advice
- Audit of management systems and delivery and observation of teaching, learning and assessment
- Safeguarding of Young People and Vulnerable Adults procedures including Prevent
- Equality, diversity and inclusion
- Policy development
- Support with Funding Rules compliance
- Regular national updates regarding funding and policy guidance

The college will also promote sharing of good practice across the partnership and help improve delivery to our customers. Monthly action points will be corresponded to the sub contract partner to cover

performance, payments, and quality assurance matters. Regular review meetings will be conducted to cover the action points monitoring.

Not all subcontractors are charged the same management fee, differences in fees are dependent upon the level of support required, the experience of the subcontractor, their target learners; their track record, published success rates and the level of risk as determined by the due diligence process. The specific level of support provided to the subcontractor and the associated costs are detailed in the individual contracts.

### **Payment terms**

Payment terms between the college and subcontractors will be detailed in the agreement but will not exceed 30 days following receiving the approved invoice from the sub contract partner.

### **Policy Review**

The policy will be reviewed as required by circumstances but at least annually.

**Herefordshire, Ludlow & North Shropshire College Sub-contracted provision**

Sub-contractor name	UKPRN of Sub-contractor	Contract start date	Contract end date	Type of provision	Funding paid by SFA in relation to provision delivered by sub-contractor on an annual basis £	Funding paid to sub-contractor £	Funding retained by the College £
The Skills Network Ltd	10029308	1 <sup>st</sup> August 2019	31 <sup>st</sup> July 2020	AEB Classroom	Maximum of £350,000	Maximum of £255,500	Maximum of £94,500
Shropshire Football Association Ltd	10031846	1 <sup>st</sup> August 2019	31 <sup>st</sup> July 2020	AEB Classroom	Maximum of £50,000	Maximum of £35,000	Maximum of £15,000

Date of next review: November 2020