

# **Highbury College, Portsmouth**

## **Subcontracting (Fees and Charges) Policy**

### **Description**

This policy is to ensure that any sub-contracting activity within the College falls within the funding guidelines issued by the ESFA or Successor organisations.

The College will be responsible for carrying out due diligence processes and internal audits relating to documents control of new partners. Subcontracting fees and the charges policy will be published on the College website at the start of each academic year.

### **Purpose**

The purpose of this policy is to ensure transparency and accountability in terms of supply chain activity carried out by Highbury College, in line with the mandatory requirement that such a policy is in place. The policy is informed by all relevant funding guidance issued by the ESFA or successor organisations.

### **Scope**

This policy applies to all sub-contracted supply chain activity supported by funding from the Education Skills Funding Agency or any successor organisations.

### **1. Overarching Principles**

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.
- 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 student 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. Both parties 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. The College selects subcontractors on the basis of their quality and coherence with the strategic priorities of the College taking into account the added value that the

Partnership brings to the College and/or the need to meet the employer led demand within the Region. The College does not tender for such opportunities.

## **2. Rationale for subcontracting**

The College engages with subcontractors to better meet customer needs. Reasons are varied but include:

- To temporarily expand provision to meet a short term need.
- To provide immediate provision whilst expanding direct capacity.
- 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
- 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.
- To support student progression

## **3. Quality Assurance**

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 subcontractors. This will be achieved through the sharing of effective practice across the supply chain, for example through the Self Assessment Report process, best practice assessment and verification.

## **4. Publication of information relating to subcontracting**

In compliance with ESFA and other agency funding rules that apply, the College will publish its subcontracting 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 ESFA). 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 sight of this policy and any other relevant documents, such as the Fees and Charges Risk Factor Table; copies will be passed to existing partners at the start of each academic year, and to new partners at the commencement of discussions between our organisations. The Fees and Charges Risk Factor Table outlines the percentage paid to subcontractors falling into each risk band; the band into which each provider falls is based on a range of factors identified to the subcontractor's PCRA and includes:

- Previous track record
- Success levels, Retention rates, lesson / assessor observations
- Type of customers to be engaged

- Type of provision to be undertaken
- Contract duration
- Student feedback
- Employer feedback
- Quality of documentation
- IV/EV Reports
- Inspection report
- Location
- The risk bands that will be used to allocate college charges.
- Payment terms between the College and subcontractors – timing of payments in relation to delivering provision and timescale for paying invoices and claims for funding received.
- The support subcontractors will receive in return for the fees charged.

Risk factors are given a score so that each subcontractor is aware of why they are in a particular band, this process will be used to give subcontractors an incentive to improve and thus reduce the risk band that they fall in. For example, higher risk subcontractors will be allocated less funding but receive more monitoring and support.

## 5. Communication

This policy will be reviewed in each summer term and updated as required. It will be published on the College web site during the July prior to the start of the academic year in which it will be applied. Potential subcontractors will be directed to it as the starting point in any relationship.

## 6. Subcontractor Payment Terms for

Data Used	Payment Month	Payment Date
College funding information as at 30 <sup>th</sup> September	As agreed with the Supplier	30 days from receipt of the invoice
College funding information as at 31 <sup>th</sup> October		
College funding information as at 30 <sup>th</sup> November		
College funding information as at 15 <sup>th</sup> December		
College funding information as at 31 <sup>t</sup> January		
College funding information as at 28 <sup>th</sup> February		
College funding information as at 31 <sup>st</sup> March		
College funding information as at 30 <sup>th</sup> April		
College funding information as at 31 <sup>st</sup> May		
College funding information as at 30 <sup>th</sup> June		

College funding information as at 31 <sup>st</sup> July		
ILR information as at 15 <sup>th</sup> November	Final claim	

## 7. The Fees and Charges Risk Factor Table

Standard college management fee is 20% of all funding drawn down against the provision to be delivered. This figure covers the total cost that the College incurs in effectively identifying, selecting and managing all subcontracted provision. This includes the minimum amount of QA activity that the College would attach to the lowest possible risk subcontractor. An outline of services provided by the College that are included in this fee is provided in Appendix 1.

The base fee may be increased 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 subcontracted provision. Where additional support is required the % funding retained by the College will increase to 30% to ensure that the cost of any additional support provided to a subcontractor is covered through the funding retained. The base fee may be increased at any time during the contract period by the College and backdated to the start of the annual contract period if the College considers that additional support is necessary for that Academic year. Such a decision will be communicated to the subcontractor at the regular contract performance meetings, the College decision will be final.

The on-going requirement for additional support for future contract periods will be reviewed annually at the contract renewal date. The College's decision on the projected level of support that will be required will be based on the outcomes of success rates and the quality of teaching and learning that has been demonstrated throughout the prior year. The College's decision as regards the projected requirement for additional costs and, therefore, a higher % of funding retained by the College is final.

Where a subcontractor has demonstrated a high level of quality and performance such that timely success rates exceed 90% the College may consider a reduction in the management fee to 15%. Evidence that supports such a reduction will be reviewed annually at the contract renewal date. The College's decision on whether a reduced fee has been earned by the subcontractor will be based on the outcomes of timely success rates and the quality of teaching and learning that has been demonstrated throughout the prior year. The reduced fee will apply from that date that the decision is taken and will not be applied retrospectively. The College's decision as regards agreeing a lower management fee is final.

### Additional Support for Subcontractors

The precise additional support given to each sub-contractor will be negotiated with that sub-contractor, but will be based on a 'risk band' approach and may include:

- Additional site visits
- Additional lesson observation
- Additional tutor support
- More rigorous verification

The risk band will be determined using the table below.

Risk Band	% To Partner	% Retained by College
High	70%	30%
Medium	80%	20%
Low	85%	15%

#### **Additional charges per student**

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
- Audit
- DBS Checks on staff
- Other charges as may be agreed

Issue date 01/09/2019

Review date and frequency Annual

## **Appendix 1**

### **1. The College will be responsible for:-**

- a. Carry out all due diligence processes relating to new partners.
- b. Carry out all internal audits relating to document control.
- c. Lead on all internal audits relating to each and every partner organisation.
- d. Draw up and agree all contracts and amendments.
- e. Agree funding splits that provide value for money.
- f. Provide each partner with up to date SFA information.
- g. Agree communication for every partner.
- h. Agree audit dates with every partner
- i. Provide budget costs relating to expenses incurred – travel subsistence etc.
- j. Overall responsibility of ensuring every invoice submitted is accurate.
- k. Create a centralised location for all partner files.
- l. Monitoring early leavers.
- m. Monitoring achievements.
- n. Monitoring other issues.
- o. Monitoring overall performance.
- p. Monitoring finance.
- q. Agreeing monthly payments.
- r. Liaison with the ESFA.
- s. Ensure all associate paperwork is obtained in a timely manner.

### **2. MIS will be responsible for:-**

- a. Making monthly claims to ESFA for starts, on programme payments and completions.
- b. Claiming all Apprenticeship framework/qualification completions.
- c. Providing funding calculations relating to each partner.
- d. Providing termly ILR data to share with other funding partners.
- e. Ensuring that all students are registered with the awarding body within six weeks of start date

### **3. Exams will be responsible for:-**

- a. Claiming individual components of the frameworks
- b. Claiming NVQ completions that are registered through the College centre.
- c. Carrying out spot checks relating to any exams
- d. Ensuring that invigilation is carried in accordance with awarding body requirements
- e. Ensure that copies of all student certificates are copied and retained.

### **4. The Contract Manager will be responsible for:-**

- a. Student interviews/feedback
- b. Verification of portfolio evidence
- c. Observation of student activities on site
- d. Validation of schemes of work
- e. Validation of assessment
- f. Internal verification – formative and summative or the checking of same
- g. Evaluating course reviews
- h. Evaluating student and employer feedback

- i. Carry out a minimum of one lesson observation per teacher, per partner per year and provide feedback in a written format.
- j. Provide assistance to partners in completing their SAR that feeds into the College SAR.
- k. Provide feedback on the SAR
- l. Include partner staff in any relevant training relating to delivery, assessment, verification, teaching, inspection etc
- m. Ensure that all partner staff is included in any relevant safeguarding

**5. Functional Skills(where this is part of the provision) will be responsible for:-**

- a. Student interviews/feedback
- b. Verification of portfolio evidence
- c. Observation of student activities on site
- d. Validation of schemes of work
- e. Validation of assessment
- f. Internal verification – formative and summative , or the checking of same

**6. HR will be responsible for: -**

- a. Ensuring all enhanced Disclosure and Barring Service (DBS) checks are completed and any outcome causing concern is shared with the appropriate partner - the costs of which will be deducted from the funding received.
- b. Ensure all associate documentation is retained

**7. During audit all college staff will:**

- a. Evaluate objectively, be impartial and inspect without fear or favour
- b. Evaluate provision in line with frameworks, national standards or requirements
- c. Base all evaluations on clear and rigorous evidence
- d. Have no connection with the provider that could undermine their objectivity
- e. Report honestly and clearly, ensuring that judgments are fair and reliable
- f. Carry out work with integrity, treating all those they meet with courtesy, respect and sensitivity
- g. Try to minimise the stress on those involved in the audit
- h. Act in the best interests and well-being of service users
- i. Maintain purposeful and productive dialogue with those being audited, and communicate judgments clearly and frankly
- j. Respect the confidentiality of information, particularly about individuals and their work
- k. Respond appropriately to reasonable requests
- l. Take prompt and appropriate action on any safeguarding or health and safety issues in accordance with college policies
- m. When conducting interviews, internal auditors must explain that, if requested, they will make every effort to protect the origin of the individual's comments when using them to form judgments.
- n. However, internal auditors should also make clear that in some circumstances, it may not be possible to guarantee the interviewee's anonymity. For example, other factors may make it easy to identify which individual has shared particular evidence.
- o. Internal auditors also have a duty to pass on disclosures that raise safeguarding issues, and/or circumstances where serious misconduct or potential criminal activity or fraud may be involved.

- p. Therefore, internal auditors should make it clear that it may not be possible to guarantee confidentiality if an interviewee raises an issue that internal audit are obliged to report.

## Appendix 2

### Level of Funding Paid and Retained for Subcontractors in 2019/20

Subcontractor	UKPRN / Start/end date	Programme Type	Funding Earned	Funding Retained	Funding Paid
Realise / Everything Training	10062707	16-18 and 19+ Apprentices	£13,336.92	£3,736.92	£9,600
Pompey in the Community	10031111	16-18 Study Programme	£260,957.19	£119,132.34*	£141,824.85
				*includes Maths and English also delivered by provider	

### Estimated Level of Funding Paid and Retained for Subcontractors in 2020/21

Subcontractor	UKPRN / Start/end date	Programme Type	Funding to be Earned (Est)	Funding to be Retained (Est)	Funding to be Paid (Est)
Realise / Everything Training	10062707	16-18 and 19+ Apprentices	£16,875.67	£3,641.67 (£2,970 EPA fees excluded)	£10,264
Pompey in the Community	10031111	16-18 Study Programme	£294,666.07	£133,466.07*	£161,200.00
				*includes Maths and English also delivered by provider	