



**Policy/Procedure/Guideline Review**

<b>Policy/Procedure/Guideline:</b>	Subcontractor Fees and Charges Policy
<b>Senior Manager Responsible:</b>	Assistant Principal – Performance and Planning
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<b>Approved By:</b>	Board of Corporation
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<b>Changes Made:</b>	Updated to reflect the additional requirements identified by the ESFA in the 2019/20 Funding and Performance Rules.

## SUBCONTRACTOR FEES AND CHARGES POLICY

### 1. **Introduction**

- 1.1 This policy outlines Nelson and Colne College's position in relation to the subcontracting of provision and funding to partnership organisations and includes Apprenticeship delivery subcontracting in 2019/20.

### 2. **Definition of Subcontracting**

The Education and Skills Funding Agency (ESFA) defines a delivery subcontractor as a separate legal entity that has an agreement with the college to deliver any element of the education and training that is funded via the ESFA. The ESFA define a separate legal entity as including companies in a group, other associated companies and sole traders. It also includes individuals who are self-employed or supplied by an employment agency, unless those individuals are working under the direction and control of the college, in the same way as our own employees.

### 3. **Background**

- 3.1 Nelson and Colne College is committed to providing a range of services and training options to the communities of Pendle, the surrounding area and the wider area of Pennine Lancashire. The College's mission is to *"To deliver the highest quality, relevant, education and training to young people and adults in College, in community settings and in the workplace. To encourage and support all to overcome any barriers, to be ambitious and achieve"*. In order to achieve this mission, Nelson and Colne College seeks to identify any opportunities for the development of new training provision, which will widen participation and increase the opportunity of access to education, training and employment. Where this cannot be met directly by Nelson and Colne College, we will seek to subcontract this provision in order to meet demand.

- 3.2 The policy relates to the following Nelson and Colne College strategic priorities:

Strategic Priority 1: Develop our curriculum in line with local and national policy and local and regional need

Strategic Priority 2: Through effective partnerships, seek new opportunities to enhance the impact and reputation of the College

Strategic Priority 3: Ensure that our learners enjoy 'Outstanding' teaching, progress and onward progression to their next steps

### 4. **Scope**

- 4.1 This policy details how Nelson and Colne College applies fees and charges to Subcontractors.
- 4.2 This policy indicates Nelson and Colne College's Subcontractor Policy for the 2019/20 academic year.

- 4.3 This policy is published in line with ESFA requirements stated in their latest published Funding Rules 2019/20.

## **5. Rationale for Subcontracting**

- 5.1 Nelson and Colne College subcontracts provision in line with the ESFA's Funding Rules 2019/20.

- 5.2 Indicative reasons for Nelson and Colne College subcontracting provision to partners include the following, however, each Service Level Agreement will clearly identify the College's reasoning for entering into a Subcontract arrangement.

- The delivery of niche provision.
- Widening participation e.g. the offer of provision in a geographical area in which demand exceeds supply.
- To contract expert teaching and resources in a cost effective manner.
- To deliver provision which is not currently part of the College's existing teaching or materials resource.
- To deliver provision which engages hard-to-reach learners (e.g. Not in Employment , Education or Training - NEETs) with the ultimate aim of progression into mainstream College provision.
- Widen the range and scope of provision offered by the College in terms of engagement, retention and progression opportunities.
- Increase mutual referral opportunities between the College and its Subcontractor.
- Shared good practice.
- Ensuring value for money in the delivery of education and training services.
- Utilising subcontractors to complement our own delivery of Apprenticeships if requested by an employer.
- Capacity building both organisations, resources and provision to respond to identified need.

## **6. Contribution to Improving Quality of Teaching and Learning**

- 6.1 Nelson and Colne College ensures subcontractors are included within its quality processes. Subcontractors are supported by the College to maintain the same high quality standards expected across all aspects of Nelson and Colne College.

- 6.2 Nelson and Colne College is committed to continuous improvement and this commitment covers all provision including subcontracted programmes. All subcontracted provision is included in our quality cycle which includes lesson observations, quality improvement meetings and shared quality improvement plans. Nelson and Colne College supports the subcontractor throughout this process to ensure quality provision is being delivered to the high standards expected.

## **7. Support for Subcontractors**

- 7.1 The contractual agreement outline the roles and responsibilities for both parties. The ongoing support given to the subcontractor typically includes:
- Performance management
  - Regular review meetings
  - Paperwork validation prior to submission to the funder
  - Confirmation of learner eligibility
  - Data input and submissions to the funder via the College's Individualised Learner Record.
  - Learner tracking documents with learner status updates
  - Quality meetings
  - Audit compliance advice and guidance
  - Funding and eligibility queries
  - Sharing of good practice
  - IAG on delivery methods and programme delivery
  - Access to all development and training opportunities available to Nelson and Colne College staff
  - Training (where relevant), advice and support to improve quality
  - Advice on implementation of Nelson and Colne College policies.
  - Tracking documents with transparent calculations to detail both the funding claimed by the College and the Payment passed to the Subcontractor
  - A subcontractor manual and regular updates
  - Where necessary, Internal Verification (IV) and assessor support can be provided by the College
  - Where necessary, Health & Safety assessments
- 7.2 Subcontractors are involved in regular meetings with Nelson and Colne College to performance manage quality and mitigate any risks or issues related to the delivery of the subcontract.
- 7.3 The experience of the learner is paramount and Nelson and Colne College, and the Subcontractor will collaborate to ensure high quality provision is delivered and high levels of achievement are achieved and maintained.
- 7.4 Subcontractors will be subject to a programme of announced and unannounced audit visits during each funding year from Nelson and Colne College to ensure adherence to the Funding Rules 2019/20 and continued high quality delivery of the contracted provision.
- 7.5 All Subcontractors receive a contract prior to delivery of any provision on behalf of Nelson and Colne College.
- 7.6 Subcontractors are given a key contact at Nelson and Colne College for any issues relating to the subcontract delivery.
- 7.7 Subcontractors are given key curriculum contacts at Nelson and Colne College for any issues relating to curriculum aspects of the subcontract delivery.

- 7.8 Subcontractors are subject to a Due Diligence process ahead of any contracting. New Subcontractors are supported through this process including, for example, registration with the UK Register of Learning Providers and, if necessary, the Skills Funding Agency's Bravo Portal and the Quality Assurance Gateway Pre-Qualification Questionnaire (PQQ).

## **8. Funding, Charges and Services**

- 8.1 Where Nelson and Colne College subcontracts provision which is funded via a formula funded route the fee retained is calculated as a percentage of the total contract value agreed with the subcontractor. This percentage is typically between 15% and 30% of the income received from the ESFA and is dependent on the level of additional support required by the subcontractor over and above the management, administration and quality obligations of the College.

- 8.2 For experienced, long-term subcontractors who do not require any additional support over and above the management, administration and quality obligations of the College, the fee retained is 15%.

- 8.3 A due diligence exercise is completed for each Subcontractor which includes checks on financial, capacity, capability and quality prior to any contracts being issued. The Services and costs will be determined following a risk assessment of the Subcontractor and will include considerations such as:

- Historical records of the Subcontractor to meet recruitment, retention, achievement, success and funding targets.
- Records of the Subcontractor meeting or exceeding benchmark achievement and success targets.
- Quality of provision delivered by the Subcontractor.
- Existing length of relationship between College and Subcontractor.
- Financial health of the Subcontractor and its continued capacity to deliver provision on behalf of the College.
- Adequate resourcing of subcontracted provision.
- Size of the contract in terms of finance and volumes of learners.
- Additional support required over and above the management, administration and quality obligations of the College.

- 8.4 Typically the Services provided to Subcontractors fall into three groups as detailed below, however, other services can be included as appropriate to the provision and requirements of the Subcontractor.

### **Curriculum Delivery/Development**

- Curriculum planning, delivery and development advice
- Skills updating sessions for delivery staff
- Sharing of 'Good Practice'
- Regular site visits and meetings
- Where necessary, Health & Safety assessments
- Where subcontractor is not matrix accredited IAG on delivery methods and programme delivery

### **Quality Assurance/Improvement**

- Quality meetings identifying good practice and areas for improvement
- Sharing of good practice, advice and support to improve quality including training on the College's quality documentation and processes
- Access to all development and training opportunities available to all College staff
- Monitoring visits to check learner files and schemes of work
- Conducting observations of teaching and learning including constructive feedback.
- Where necessary, Internal Verification (IV) and assessor support can be provided by the College

### **Contract Management/Administration**

- Regular performance management review meetings
- Providing Management Information
- Audit compliance advice and guidance
- Funding and eligibility queries
- Training for all relevant staff in completion of compliant paperwork
- Advice on implementation of College policies
- Ongoing administration support including in-depth checks of evidence submitted and regular feedback on issues identified
- Data input and submissions to the funder via the College's Individualised Learner Record
- Ongoing data self-assessment (DSAT) checks on all subcontract delivery
- The administration and processing of all subcontract provider electronic and hard copy documentation
- Controlling and administering the due diligence process prior to contract award
- Periodic updates of the due diligence process
- Drafting and issuing the initial contracts
- Issuing contractual variations as and when required
- Regular financial reports to inform invoicing

8.5 Our Service Level Agreement, clearly identifies the Services which will be provided by the College and charges which apply to each of the groups.

8.6 Individual Service Level Agreements will identify the charges which will be apply based on the delivery of the full contract value and will identify the percentage that this charge reflects in relation to the overall value of the Agreement. To ensure that these costs remain in proportion with the actual delivery of services, the College will retain the agreed percentage for the rate for the aim delivered.

8.7 The Services and Fee are reviewed on an annual basis and is open to negotiation with each Subcontractor. The services provided by the College aim to ensure that the services delivered by this Agreement are high quality learning and fully compliant with the requirements placed on the College by the Agency via its Guidelines. The agreed value will be confirmed within the signed contract between both parties.

8.8 Where Nelson and Colne College subcontract provision which is funded via a Grant rather than the formula funded route then Subcontractors may be invited to submit a proposal against a Prospectus outlining the types of activity that are sought and the funding rates for

the different types of activity. No monies are retained from the Subcontractor in this instance.

## **9. Payments**

- 9.1 Where Nelson and Colne College subcontracts provision which is funded via a formula funded route payments to Subcontractors are calculated using the relevant ESFA funding rates. This is communicated to each partner via a tracking document to ensure transparency. The exception to this is where Apprentice employers are working with Nelson and Colne College to deliver agreed elements of an Apprenticeship Framework/Standard. In this situation Nelson and Colne College will ensure that the employers are compensated for their actual cost of delivery.
- 9.2 Where Nelson and Colne College subcontracts provision which is funded via a Grant payments will be based on unique learners enrolled.
- 9.3 Payments to Subcontractors are subject to the management fee indicated in the contract.
- 9.4 Where Nelson and Colne College subcontracts provision which is funded via a formula funded route each payment to the Subcontractor is subject to an initial holdback of 20% of the payment value. This element will subsequently be passed on to the Subcontractor following satisfactory delivery of the subcontract arrangement as per the contract and the successful sign-off of the Individual Learner Record (ILR) for that academic year.
- 9.5 Nelson and Colne College reserves the right to withhold funding where in our opinion we do not hold sufficient progression evidence to support any on programme payment, for example.
- 9.6 The payment profiles for each Subcontractor will be agreed within the contract between the parties. Payment may, for example take place monthly, quarterly or following completion of a cohort of students.
- 9.7 For any payments to be made to the Subcontractor, the Subcontractor must conform to the terms and references within the contract and provide the required paperwork, data and information to enable Nelson and Colne College to make a successful claim via its Individual Learner Record (ILR) to the relevant funding agency.
- 9.8 Payment will be made within 30 days of receipt of a valid invoice agreed by both parties, subject to compliance with the contractual terms.

## **10. Contingency Plan**

Nelson and Colne College recognises that the learners supported by its subcontractors are its responsibility. Therefore, if for any reason, financial or otherwise, a Subcontractor is unable to continue delivery either temporarily or permanently; Nelson and Colne College will work with the Subcontractor to ensure the continuity of delivery for learners enrolled on College programmes appropriate to the circumstances. Options may include, but are not limited to:

- Delivery at College, or other appropriate premises

- Delivery using College staff
- Transfer of delivery to an alternative Subcontractor

## **11. Reporting Subcontractor Arrangements**

- 11.1 Nelson and Colne College will provide the ESFA with a fully completed Subcontractor Declaration Form in line with the dates provided, this will be at least twice a year and if changes are made to subcontracting arrangements these will be frequently.
- 11.2 Nelson and Colne College will publish the actual level of funding paid and retained for each subcontract in 2019/20 within 30 days of the 2019/20 ILR closing.

## **12. Contract**

- 12.1 All Subcontractors are required to agree and sign an agreement between both parties prior to delivery of any provision.
- 12.2 In agreement with both parties, variations to the agreement may be issued during the contract period, arrangements for this are outlined in the agreement. The variation may relate to, for example:
- Changes in the management fee dependent on the level of support required.
  - Changes to the volumes of learners and funding.
  - Changes to the range and scope of provision delivered by the Subcontractor.

## **13. Dissemination**

- 13.1 This policy is available on the Staff Extranet and via the following websites:
- Nelson and Colne College ([www.nelson.ac.uk](http://www.nelson.ac.uk))
  - Accrington and Rossendale College ([www.accross.ac.uk](http://www.accross.ac.uk))
  - Lancashire Adult Learning ([www.lal.ac.uk](http://www.lal.ac.uk))
- 13.2 Potential subcontractors can access this policy via the websites detailed above or be referred to it as part of the Due Diligence process.
- 13.3 The Policy is communicated to subcontractors through email, meetings and contract reviews and in advance of subcontracting discussions for subsequent years.

## **14. Disclaimer**

- 14.1 The College reserves the right to amend its subcontracting arrangements at any time in accordance with the terms and conditions contained in its subcontract agreements, this includes those subcontracts novated from Accrington and Rossendale College to ensure that the College complies with the ESFA's Funding and Performance Management Rules and Subcontractor Rules.



**15. Monitoring and Review**

- 15.1 The policy will be reviewed annually by Nelson and Colne College's Assistant Principal – Performance and Planning.

**16. Management Responsibility**

- 16.1 The Assistant Principal - Performance and Planning has management responsibility for this policy across Nelson and Colne College.

**17. Equality Impact Assessment**

- 17.1 Subcontractors must adhere to the terms and conditions set within Nelson and Colne College's Single Equality documents including the Single Equality Scheme.