
Sub-Contracting: Supply Chain Management - Fees & Charges Policy 2016/17

Issue Date:

1 September 2016

Approved:

Jason Pepper

Signed:

A rectangular box containing a handwritten signature in black ink. The signature appears to be 'J. Pepper' with a stylized flourish at the end.

To be reviewed:

31st July 2017

Strategy Lead:

Executive Director of Finance &
Resources

Sub-contracting – Fees and Charges Structure

The Provider Delivery Contract and Service Level Standards agreement will set out the maximum amount of funding that is available to the subcontractor. TSC will agree a fee structure with each subcontractor that recognises the full extent of the subcontracted provision.

TSC will agree with the subcontractor the monthly profile amount and further agree quarterly budgetary targets that are expected to be achieved. TSC will manage the subcontractor period allocation within the context of the whole TSC prime contract and if necessary vary the profile to meet the requirements of the SFA Funding Rules and the published SFA Performance Management rules that currently apply. Where a subcontractor does not achieve the quarterly profiles, TSC may adjust the remaining profiles within the subcontractor whole contract.

The standard college management fee is 15% of all funding drawn down against the provision to be delivered. This figure represents a reasonable contribution towards the cost that the College incurs in effectively identifying, selecting and managing all sub-contracted provision. This includes the minimum amount of QA activity that Sheffield College would attach to the lowest possible risk sub-contracted partner.

Further charges to cover additional costs may be added to the base 15% fee to cover the cost to Sheffield 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. Additional cost is determined using a weighted table of risk factors. The table is available to all actual and potential sub-contractors. It is designed to ensure that the cost of any additional support provided to a subcontractor is covered through the funding retained. Additional costs will be re-calculated and negotiated each year at contract renewal, giving sub-contractors the opportunity to reduce their fees through continuous improvement. This approach will allow Sheffield College to focus support where and when it is needed.

Where TSC is required to support a subcontractor beyond normal administration processes or deliver a part of a qualification or Apprenticeship framework an agreed fee will be charged.

The subcontractor submits an invoice to TSC upon request for all learners on programme within the invoiced month. All subcontractors are paid within 30 days of receipt of a valid invoice and paid through the BACS system.

Funding Element Retained for Sub-Contractor Management			
Volume	Low Risk	Medium Risk	High Risk
Under £50,000	20%	25%	30%
£50,000 -£100,000	20%	25%	30%
Over £100,000	15%	20%	30%

The following activities are included in the standard contract management and covered by the retained funding element;

Activity	Number/Frequency included in standard retained funding element
Pre-Contract Processes	
Due diligence desk top checks	1 at set-up
Due diligence visit	1 per site, up to 3 sites
Annual due diligence	1 per year
Issuing standard sub-contract agreement	1 per year
MIS Processes	
Issuing TSC document templates and forms to be used by the subcontractor	As and when amended
Agreeing use of sub-contractor templates and forms (if at least as good as TSC documents)	1 per year

Entering learner data and amendments onto ILR	Min 12 per year
Entering attendance data and reconciling with ILR	Min 12 per year
Calculating fees due and processing payments received	Min 12 per year
Data-match checks with other main contractors with whom the subcontractor works	Various
Quality Assurance Processes	
Quality assurance visits and lesson/assessor observations	Min 3 per year
SAR meetings 3 per year	3 per year
Annual survey of learners	1 per year
Annual survey of employers (if applicable)	1 per year
Annual audit of MIS data including enrolment forms and attendance records	1 per year
Review of learner documents including tracking records, reviews and ILPs	Min 3 per year
Annual review of the sub-contractor provision within the college self-assessment process and Quality Improvement Plan	1 per year
Incorporate the sub-contractor provision within the E-Tracker system for all Apprenticeship programs of delivery and where applicable for ASB and Traineeships	Extract and sample data input 4 per year
Sub-contractor staff to attend college CPD activity	As agreed

The below will be implemented from August 1st 2016.

The sub-contractor will incur the following charges if additional activity is required to address poor performance or reduce risk:

Activity	Cost to sub-contractor
Pre-Contract Processes	
Additional due diligence investigation, e.g. to investigate financial records or take additional references	£45 per hour
Produce action plan as a result of unsatisfactory due diligence checks or visits	£45 per hour
Additional due diligence visit to monitor improvements	£45 per hour
Additional due diligence visit to additional delivery locations	£45 per hour plus transport costs
MIS Processes	
Returning enrolment forms or other documents due to incorrect completion (10% threshold)	Normally no charge but continued non-compliance will incur noncompliance letter charge
Non-compliance letter from College Business Development Manager for Sub-contracting requiring improvement	£45
Quality Assurance Processes	
Self-assessment report (if not produced to satisfactory standard by sub-contractor)	£45 per hour
Quality Improvement Plan (if not produced to a satisfactory standard by sub-contractor)	£45 per hour
Quality assurance – site visits	£45 per hour plus transport costs
Quality assurance – remote (desk top review)	£45 per hour
Contract Management review meetings	£45 per hour
Additional survey of learners	£250 + external survey costs
Additional survey of employers (if applicable)	£250 + external survey costs

Providing consultancy support (Head level)	£65 per hour
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The following rates will apply to additional services which the college may provide for the subcontractor;

Service	Cost
Registration of learners on college centre with awarding bodies	Cost + 10%
Certification of learners from awarding body	Cost + 10%
Certification of apprentices with ACE	Cost + 10%
Internal verification	To be agreed depending on provision
Providing consultancy support (Head level)	£65 per hour

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