

Sub- Contracting: Supply Chain Retained Funding & Charges Policy 2019 - 2021

Owner: Commercial Director	Implementation Subcontracting Manager
Description: The Sheffield College's policy on the amount of funding it retains for management, administration and quality assurance when it subcontracts training provision	

Office Use only:

Published on College Website	Approval Board/Committee/Group:	Approval/Re-approval Date:	Implementation Date:	Next Review Date:
	Finance, Employment and General Purposes Committee Executive Owner: Commercial Director	3 rd July 2019	1 August 2019	No later than 31 July 2021

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The Sheffield College

Background to Policy

The Sheffield College's approach to subcontracting is to work with supply chain partners where there is a gap in the College's own provision yet there is demand in the region that would not otherwise be serviced, or where there is a need to provide a national delivery service.

The College has a well-developed subcontractor management framework and at the last Ofsted inspection (Feb 2018) the inspectors stated in their report:

"Arrangements for managing the performance of subcontractors are well developed and effective. Senior leaders are aware of the performance of subcontractors and have reduced the number of subcontractors that they work with as part of their approach to working effectively with partners."

Sub-contracting – Retained Funding and Charges Structure

General Terms

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

The standard college percentage of retained funding 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 administering all sub-contracted provision. This includes the minimum amount of quality assurance (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% to cover the cost to Sheffield College of any additional activity that the College deems necessary for it to undertake 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 activity 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 increase their income through continuous improvement. This approach will allow Sheffield College to focus support where and when it is needed.

Where The Sheffield College is required to undertake additional activities beyond normal administration processes or deliver a part of a qualification or Apprenticeship Framework and/or Standard, an increased percentage of funding to be retained by Sheffield College will be agreed with the subcontractor.

The subcontractor submits an invoice to The Sheffield College 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.

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Adult Education Budget (AEB) funding, 16-19 Study Programme funding, and pre-Apprenticeship Levy funding Terms

For Adult Education Budget (AEB) funding, 16-19 Study Programme Funding, and pre-Apprenticeship Levy funding The Sheffield College will agree with the subcontractor the monthly profile amount and further agree quarterly budgetary targets that are expected to be achieved. The Sheffield College will manage the subcontractor period allocation within the context of the whole The Sheffield College prime contract and if necessary vary the profile to meet the requirements of the ESFA Funding Rules and the published ESFA Performance Management rules that currently apply. Where a subcontractor does not achieve the quarterly profiles, The Sheffield College may adjust the remaining profiles within the subcontractor whole contract.

Apprenticeship Levy funding Terms

For Apprenticeship Levy subcontracting then under ESFA Funding Rules, the Employer needs to approve:

- i) the use of named subcontractors;

- ii) the scope of the subcontracted provision i.e. is it for the delivery of an apprenticeship programme in full or in part;

- iii) the amount of funding that the College is allowed to retain for the administration and quality assurance of the subcontracted provision.

For Apprenticeship Levy subcontracting then amount of funding retained by The Sheffield College may vary depending on what is agreed with the employer.

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Funding Element Retained for Sub-Contractor Administration and Quality Assurance

Volume	Low Risk	Medium Risk	High Risk
Under £50,000	15%	20%	25%
£50,000 -£100,000	15%	20%	25%
Over £100,000	15%	20%	30%

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 The Sheffield College 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 The Sheffield College 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 Smart Assessor system for all Apprenticeship programs of delivery where applicable	Extract and sample data input 4 per year
Sub-contractor staff to attend college CPD activity	As agreed
Attendance at Annual Partner conference	1 per year

The above administration and quality assurance activities are included as standard and are covered by the retained funding element;

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The below will be implemented from 1st August 2019.

The sub-contractor may incur the following charges if additional activity is required to address poor performance or reduce risk: These are reviewed on an annual basis

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	
Produce action plan as a result of unsatisfactory submission of Learner enrolment paperwork	£45 per hour
Additional investigation, e.g. to investigate inaccuracy of program information being submitted which has led to input errors	£45 per hour
Additional investigation, e.g. to investigate inaccuracies in the Calculating of fees due to previous prior learning not being considered and reconciling and adjusting payments made	£45 per hour
Undertaking further visits to undertake Data-match checks with subcontractors to ensure accuracy of Data Entry	£45 per hour plus transport costs
Quality Assurance Processes	
Additional Quality assurance visits and lesson/assessor observations	£45 per hour plus transport costs
Additional review of the sub-contractor provision within the college self- assessment process and Quality Improvement Plan	£45 per hour
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
Compliance Visit processes	
Two quarterly partner meetings to disseminate information and share good practice.	£45 per hour
Annual Partner conference.	£45 per hour
Updates on changes to funding guidance.	£45 per hour
Monthly upload reports.	£45 per hour
Regular success rate reports.	£45 per hour
Opportunity to collaborate on other projects	£45 per hour
Minimum of quarterly contract management meetings.	£45 per hour
Contract Management review meetings	£45 per hour

Quality Assurance Processes	
Self-assessment report (if not produced to a 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
Independent observations of Teaching, Learning and Assessment, and portfolio audits.	
Opportunity for Peer Audit and Peer Review of quality assurance systems	

The following costs will apply to additional activities which the college may undertake where it is not being provided by the subcontractor; These additional costs will be reflected in the % of funding retained by the College.

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

Data Protection

Subcontractors will be required to warrant that they shall comply with the General Data Protection Regulation 2018 and all United Kingdom legislation implementing it, and shall not cause the College to be in breach of such provisions. Subcontractors will be required to indemnify the College against all liabilities, costs, expenses, damages and losses, and all other professional costs and expenses suffered or incurred by the College arising out of or in connection with this warranty.

Management of the Policy

The Subcontracting Committee, reporting to the Executive, is responsible for overseeing compliance with the policy.

The Commercial Director on behalf of the Executive is responsible for the administration of the policy and for approving variations to the policy for specific subcontractors where required, provided that the variations are within the overall policy framework. The Subcontracting Committee of the College is responsible for ratifying any variations.

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Publication of the Policy

This policy is communicated and discussed with all our current and potential supply chain partners and is published on the Sheffield College public area of the website. The policy can be accessed via this link: <http://www.sheffcol.ac.uk/about-us/public-documents>

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