

# Sub-contracting (Fees and Charges) Policy 2017/18



New College Durham

## Scope

The policy applies to all supply chain activity supported with funds supplied by the Education and Skills Funding Agency (ESFA) 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 2015. 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 procurement activities, conducting robust due diligence procedures on potential sub-contractors 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 the College and the sub-contractor and will be negotiated and agreed in a fair and transparent manner. They will be proportionate to the actual services being provided.
- d. 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 and will include:

- To temporarily expand provision to meet a short/medium term need.
- To provide immediate provision whilst expanding direct capacity. This might include working with sub-contractors to explore and learn about new apprenticeship frameworks and standards, or specific sectors prior to investing in resources.
- Providing access to or engagement with new range customers/employers.
- To ensure delivery intention is met where there is a recognised risk in direct provision (e.g. through ESF outcomes not being realised).
- 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 provision. The quality of the provision will be monitored and managed through the existing College QA processes and procedures which 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, learning and assessment for both the College and its sub-contractors. 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 will publish its sub-contracting fees and charges policy and actual end of year sub-contracting fees and charges on its website before the start of each academic year.

## 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 sub-contractors will be directed to it as the starting point in any relationship.

## Fees and charges 2017/18

The standard College management fee is 30% of all funding drawn down against the provision to be delivered. This figure represents the total cost that the College incurs in effectively identifying, selecting and managing all sub-contracted provision. This includes all aspects of quality assurance to ensure sub-contractors are supported in delivering high quality teaching, learning and assessment to maximise high success rates.

The rationale used to determine any different fee other than the standard College management fee will be based on a level of risk. The contributory risk factors that would result in differences in fees charged for, or support provided to, different sub-contractors will include:

- Previous track record
- Success levels
- Type of customers/employers to be engaged
- Type of provision to be undertaken
- Contract duration