**Scope**

The policy applies to all supply chain activity supported with funds supplied by the Education & Skills Funding Agency 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 2014. The content of this policy has been developed in line with the Association of Colleges/ AELP Common Accord, the ESFA Funding rules and the LSIS Supply Chain Management document. It is reviewed annually (March) and published on our VLE.

**Overarching Principle**

The Service will use its supply chains to optimise the impact and effectiveness of service delivery to the end user. The Service will therefore ensure that:

1. 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)
2. The Service will at all times under take 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 learner lives.
3. The funding that is retained by the Service 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.
4. Where disputes between supply chain partners cannot be resolved through mutually agreed internal resolution procedures, the Service 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. 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 Service engages with sub-contractors to better meet customer needs. Reasons are varied but could be:

1. To temporarily expand provision to meet a short term need
2. To provide immediate provision whilst expanding direct capacity. This might include working with sub-contractors to explore and learn about new frameworks or sectors prior to investment in resources
3. Providing access to, or engagement with, a new range of customers
4. To ensure delivery intention is met where there is a recognised risk in direct provision (e.g. through JCP referrals not being realised)
5. To support another provider to develop capacity/quality
6. To provide niche delivery where the cost of developing direct delivery would be inappropriate
7. To support employers with a wide geographic requirement

**Quality Assurance**

Sub contracted activity is a fundamental part of the Services’ provision. The quality of the provision will be monitored and managed through the existing Service 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 Service activity to enable continuous improvements in the quality of teaching and learning for both the Service 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.

**Publication of information relating to sub-contracting**

In compliance with Education & Skills Funding Agency and other agency funding rules that apply, the Service 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 (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). Provision subcontracting lists will be agreed with the ESFA prior to publication.

The Service will ensure all actual and potential subcontractors have sight of this policy and any other relevant documents both prior to any subcontracting agreement (i.e. at tender stage) and at the subcontractor induction, prior to delivery.

The typical percentage retained to manage subcontractors is 20% and 80% reimbursed to the subcontracting partner.

Standard Service management fee is 20% of all funding drawn down against the provision to be delivered. This figure represents the total cost that the Service incurs in effectively identifying, selecting and managing all sub-contracted provision. This covers the cost to the Service of any additional support that the Service deems necessary to ensure the quality of teaching and learning and the success rates of any sub contracted provision. The service will also promote sharing of good

practice across the partnership and help improve delivery to our customers. Monthly action points will be corresponded to the sub contract partner to cover performance, payments, and quality assurance matters. Regular reviews meetings will be conducted to cover the action points monitoring. Subcontractors will be given access to our in-house Continuing Professional Development programme, as published & at no fee to the subcontractor. (Appendix A, further details the breakdown of the management fee).

100% of the Discretionary learner support funding and/or Bursary funding is paid to subcontracting partners.

Payment terms between the Service and subcontractors will be detailed in the agreement but will not exceed 30 days following receiving the approved invoice from the sub contract partner.

**Contingency Plans**

In the event that either the Service or the Subcontractor withdraws from an agreement, the Service will take steps to ensure provision is made to enable learners to continue with their learning.

This policy is reviewed annually, in March.

Last Updated – March 2020.

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| **Service** | **Cost (as % of the 20% management fee retained)** | **Rationale** |
| Monthly input, audit & submission of learner data to ESFA | 30% | * To help ensure data sent to ESFA is 100% accurate * To ensure compliance with ESFA Funding Rules and ILR Submission Rules * To facilitate regular reporting of performance vs targets * To contribute towards the cost of our Management Information System & staff resource |
| Quality Assurance including Induction & review meetings, teaching observations and monitoring of performance | C:\Users\caroline.richer\AppData\Local\Microsoft\Windows\INetCache\Content.MSO\5B527137.tmp  50% | * To ensure compliance to the ESFA Funding Rules in respect of subcontracting * To support/ensure the provision of outstanding teaching & learning to learners * To support the provider in their own capacity building |
| Contract Management including procurement and tendering costs, issue of contracts and monitoring of funding generated vs funding paid | 10% | * To ensure compliance to the ESFA Funding Rules in respect of subcontracting * Meets the cost of our relationship manager & other staff supporting the partnership * To ensure compliance to Local Authority Financial Regulations |
| Access to Skills &Learning’s CPD programme | 10% | • To ensure teaching delivery is undertaken by a professional workforce supported by appropriate training, for example: Safeguarding, Equality & Diversity |

Appendix A