

## Partnership Department Policies and Procedures

### Sub-contracting Policy 2018/19

#### Scope

The policy applies to all supply chain activity supported with funds supplied by the Education & Skills Funding Agency and college strategies for sub-contracted provision.

#### Context

This policy is a mandatory requirement which must be in place prior to participating in any sub-contracting activity that is funded by the ESFA.

The policy is effective from 1 August 2018 and its content has been developed in line with the AoC/AELP Common Accord, the ESFA Funding rules (last updated in June 2018) and the LSIS Supply Chain Management document. The policy is published on the Grantham College website and is reviewed on an annual basis.

#### Overarching Principle

Grantham College is committed to being the direct provider of choice for all local employer engagement and work-related training. Grantham College has taken the decision at a strategic level to minimise the level of sub-contracting entered into at this stage. The college aims to use its funding allocations to support local learners, employers and communities through direct delivery. Minimising levels of subcontracting also reduces the exposure to risk of poor performance by other organisations. Thus, Grantham College will, in the first instance, consider and undertake direct delivery wherever appropriate.

However, the College recognises the benefits that effective sub-contracting can bring in extending the range and accessibility of provision for learners and employers and will consider subcontracting in the following circumstances:

- Where our current stakeholders require additional provision that is beyond the existing scope or capacity of Grantham College;
- Where subcontracting will allow us to meet short term needs of learners or employers without exposing the college to the risks and entry and exit costs of setting up new provision;
- Where sub-contracting will allow us to capacity-build in new sectors or geographical areas;
- To facilitate an ultimate aim of direct delivery, to generate additional income, or to meet funding shortfall;
- For niche provision which the college would not be able to adequately resource or for which the cost of developing direct delivery would be prohibitive;
- Where sub-contracting will provide access to or engagement with a new range of customers;
- Where there is a recognised risk in direct provision, to fulfil existing delivery intentions;
- Where employers require support/provision in a wider geographical area;
- Where expanding direct capacity over the medium/long term might necessitate immediate delivery in the short term. This might include working with sub-contractors to explore and learn about new frameworks or sectors prior to investment in resources.

Whilst the decision has been made to retain delivery in-house wherever possible and appropriate, should any of the above circumstances arise during the course of the year and it is deemed that engaging with sub-contractors could help us to better meet the needs of our stakeholders or optimise the impact and effectiveness of service delivery to the end user, the college will 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. Fair and transparent procurement activities are undertaken, with robust due diligence procedures being conducted 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;
- c. Where disputes between supply chain partners cannot be resolved through mutually agreed internal resolution procedures, the college 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.

## Quality Assurance

The College reviews its contractors on a yearly basis and undertakes robust due diligence and monitoring procedures. The quality of sub contracted provision will be monitored and managed through the existing College QA processes and procedures. Subcontractors are also required to have their own robust internal policies to ensure compliance with Grantham College and funding body requirements.

As a minimum the college will carry out the following Quality Assurance measures with sub-contractors:

- Desk top checks and due diligence visit for all new providers;
- Annual due diligence review and risk assessment for existing providers;
- As part of controls Senior Leadership Team (SLT) review the risk assessment of each existing and new provider performed by the Vice Principal: Business and Curriculum Development team prior to any new annual contracts being signed;
- Up to 3 Quality Assurance visits per year, of which at least 1 will be a short-notice visit, and will include face to face interviews with learners and staff;
- 3 sample file checks – at least one will be a short-notice sample;
- Checks to ensure learner eligibility and existence;
- Observations of advice & guidance, assessment and teaching and learning Practice;
- Spot checks.

## Fees and payments

Grantham College will usually retain a Management Fee of between 15% and 30% of funding in 2018/19 as illustrated in the table below:

Risk rating	Provider Type	Management Fee	Monitoring Visits
Low Risk	Established provider with experience and track record of delivery in Apprenticeships/ESF funded programmes	15%	1
Medium Risk	Established provider experienced in the delivery of NVQs (or equivalent) with track record of success.	17.5%	2
High Risk	New Provider, with no track record	20 – 30%	3

The actual Management Fee is calculated based on the level of resource required:

- To effectively identify and select the individual subcontractor and manage the ongoing relationship and sub contracted provision;
- To ensure funding returns and requirements are met;
- To ensure that the high quality of delivery to learners is maintained and that any risk to the college and Skills Funding Agency is mitigated.

Target learner numbers, previous experience, success rates and the level of risk determined by the due diligence process will also be taken into consideration when determining the management fee.

The college reserves the right to increase the management fee to 30% where significant underperformance and/or intervention is required in the management of subcontractors.

Payments are made on invoice submitted by the sub-contractor at the end of each ILR return. Grantham College pays within 30 days of the invoice being received. Payment is never authorised without a full ESFA approved contract being in place. All claims for payment are made after sufficient audit evidence of activity has been provided. This includes one or more site visits by the Quality department.

## Funding paid 2017/18

During the 2017/18 academic year, no sub-contracting arrangements were made by Grantham College.

Quality Assurance – Version Control			
Review Period:	Annually	Review carried out by:	VP: Business & CD
Approved by:	SLT	Date Approved:	5.11.18
Equality Impact Assessment Date:	October 18	Last Review Date:	October 18