

The Chesterfield College Group

Supply Chain and Subcontracting Fees Policy



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| Impact Assessment status | In preparing the Policy, any potential disproportionate impact it might have upon individuals with protected characteristics, as defined in the Equality Act 2010, have been carefully considered. It is the conclusion of the College Group that the Policy does not adversely impact on individuals with any of the protected characteristics. |
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Aim

The policy aim is to:

1. Provide clear guidance on the procurement and due diligence process and how Chesterfield College and its subsidiaries ('the college') will continuously seek to procure high-quality subcontractors to deliver local, regional, and national priorities for funding, in line with the college's strategic direction.
2. Outline clear transparency for all subcontractors, funding bodies, and other associated parties or individuals regarding the support and charging rationale related to subcontracted provision through the college.
3. Maintain the highest standards of delivery across all subcontractors engaged by the college; across all teaching, learning, and assessment activities conducted through any subcontract arrangements with the college.
4. Ensure fair and transparent procurement activities, conducting robust due diligence on potential subcontractors to ensure compliance and ensuring that the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on student's lives.

Scope

The policy applies to all supply chain activities supported with funds provided by the Education and Skills Funding Agency (ESFA) or any successor organisation's Funding Rules.

The policy governs any potential and actual subcontracting arrangements for which the college intends to claim, or actually claims, public funding for provision that is delivered by a partner organisation on behalf of the college.

This policy and associated operating procedures apply to Chesterfield College, which includes our subsidiary companies: Training Services 2000 Ltd (Learning Unlimited Derby), Learning Unlimited ATA Ltd, Recruit Unlimited Ltd and Chesterfield College Enterprises Ltd.

Policy Statements

This policy relates to where the college enters into a subcontracting agreement with a supplier to deliver activity which is funded through the Education and Skills Funding Agency (ESFA) and/or other bespoke funded projects.

The Supply Chain and Subcontracting Fees Policy is a compulsory requirement for every Further Education (FE) College and Private Training Provider (PTP) who intend to subcontract government funding. This policy has been developed in accordance with ESFA Funding Rules.

In line with ESFA Funding Rules, the college will not subcontract delivery to meet short-term funding objectives.

The policy has been written to cover essential information in line with funding requirements, including:

1. The reasons why the college subcontracts provision.
2. The college's contribution to improving our subcontractors' quality of teaching and learning.
3. The college's typical percentage range of fees retained to manage subcontractors.
4. Detail on the support offered and available for the fees retained.
5. If appropriate, the reasons for any differences in fees charged.
6. The standard payment terms that the college issues.
7. The timing of policy reviews.

As one of the largest FE colleges in the region, and with a growing profile nationally, the college is committed to recruiting high-quality, strategic subcontractors for the following reasons:

1. To consistently meet local, regional, and national priorities for funding and widen participation amongst student groups that it would otherwise be hard to reach.
2. To deliver high-quality provision for priority groups, including apprenticeships, basic skills and higher-level skills to the low skilled, vulnerable groups, upskilling workforce, 16-19-year-olds, and job seekers.
3. To build longer-term strategic goals.
4. To enable the college to apply for new funding opportunities through a greater depth and breadth of curriculum offer that reaches out to new students and employers.
5. To share good practice between organisations and across our partner network to benefit all students and employers.

Selection of Subcontractors

When appointing subcontractors, the college will take steps to avoid conflicts of interest and will inform the Chief Executive of the ESFA, in writing, about any circumstances (e.g., common directorships) which might give rise to an actual or perceived conflict of interest. The college will not proceed to award any subcontract without the Chief Executive's permission in writing.

When appointing subcontractors, the college shall adopt robust and transparent procedures which shall comply with all rules and regulations required by the Funding Agency, current Public Procurement Regulations, and the college's Financial Regulations.

The college shall only award contracts for delivery of funded provision to legal entities. If the legal entity is a registered company, it must be recorded as 'active' on the Companies House database.

The college will not award a contract to a legal entity if:

1. It has an above average risk warning from a credit agency.
2. It has passed a resolution (or the court has made an order) to wind up or liquidate the company, or if administrators have been appointed.
3. Its statutory accounts are overdue.
4. The subcontractor is not actively trying to gain Matrix Accreditation, which is a quality standard for information, advice, and guidance.
5. It is not on the ESFA's Apprenticeship Provider and Assessment Register (APAR).
6. It is not registered on the UK Register of Learning Providers (UKPRN).

7. Subcontracting is required to be undertaken at a second or multiple levels.
8. Sufficient, proper, and adequate controls cannot be evidenced to manage service delivery.
9. A partner has underperformed against key targets set by the college in the subcontracting agreement.

Management Fees

The rationale adopted by the college to determine the level of fee retained through each subcontract is a risk-based approach.

Contributory risk factors that would influence a change in the level of fee charge for support shall include:

1. Previous track record.
2. Success levels.
3. Type of customer engaged.
4. Type of provision to be undertaken.
5. Contract duration.

The typical structure employed by the college when applying management fees in a subcontracting agreement is as follows:

| Partner Risk Rating | Classroom Based | Work Based | Other Projects |
|---------------------|---------------------------|-----------------|----------------|
| | Short/long qualifications | Apprenticeships | |
| Low | 20% | 20% | 20% |
| Medium | 22% | 22% | 22% |
| High | 25% | 25% | 25% |

The management fee may change during the agreement should the risk rating of the subcontractor change.

The management fee may change dependent upon the funding stream and level of support required.

Support provided from the college and typical percentage charges shall be as follows:

| ACTIVITY | | Maximum Charge % |
|----------|--|------------------|
| 1 | Designated Partnership Management Team to provide support and manage the subcontract on behalf of the college. | 5.0% |
| 2 | Initial full compliance training. | 0.0% |
| 3 | Training to cover funding and compliance. | 0.0% |

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| 4 | Training to cover teaching, learning and assessment themes in the drive for 'outstanding'. | 0.0% |
| 5 | Internal/external audits of the full learner journey. | 1.0% |
| 6 | Quality checks of provision, which include visits at short or no notice and face-to-face interviews with staff and students. These checks include observations on all aspects of teaching, learning and assessment and validation support, including intervention and 'support to improve' if applicable. | 2.5% |
| 7 | Support with standardisation of qualifications and access to resources. | 0.0% |
| 8 | Monitoring and support of 'at risk' students. | 0.0% |
| 9 | Self-assessment and Quality Improvement training with yearly validations. | 0.0% |
| 10 | Senior Management led performance management, based on periodic meetings. | 1.5% |
| 11 | Support with Awarding Body visits. | 0.0% |
| 12 | Assigned administrators for the management of contract. | 5.0% |
| 13 | Access to account for advertising Apprenticeship vacancies. | 0.0% |
| 14 | Use of all college paperwork on contracts. | 2.5% |
| 15 | Formal performance reviews with the production of data reports to inform. | 2.5% |
| 16 | Employer incentive support. | 0.0% |

Further additional services may be mutually agreed between the college and the subcontractor. Such additional services may be charged as a one-off fee or as a percentage of contract value. The fee charges reflect the cost of a procurement process and the management of the contracts.

Payments are made monthly, at the end of the month, following delivery of successful activity, audited and confirmed by the college. Payment is calculated based upon actual funding earned, less the management fee agreed as part of the subcontracting agreement with the college.

Funds may be withheld if the college determines that there are insufficient grounds to make a payment e.g., insufficient evidence of learning activity or missing documentation of learning activity.

The college will declare all subcontracting activity and management fees charged at the end of each academic year, publishing this data on the college website.

The management fees are set out at the start of the subcontract agreement but may change if circumstances change within the year. These will be approved by the college's Senior Management Team and Corporation Board.

Implementation

Subcontractor performance updates will be provided to the College Management Team and Senior Management Team monthly.

Subcontractor performance is comprehensively reviewed on an annual basis, with all subcontractors required to present end-of-year performance and future planning to a cross-college panel.

Ongoing checks include observations, quality audits, student surveys, employer surveys, credit checks, and reference checks, with full due diligence information submitted on an annual basis or when changes occur.

Communication Flow

The policy is approved by the Finance and Corporate Services Committee of the Corporation Board. The Corporation has nominated a senior member with special responsibility for subcontracting and procurement of subcontractors to meet funding obligations.

The policy shall be communicated to all applicable staff through staff induction, staff intranet, email, training, and refresher training. Actual funding subcontracted and funding retained by the college will be issued on the college's website within 30 days of the final ILR closing for each academic year.

All new subcontractors will be issued this policy when subcontracts are distributed to the successful subcontractors.

The college's nominated member of staff with strategic lead responsibility for subcontracting is the Assistant Principal Finance, IT and Estates.

The policy shall be displayed on the college website for external review and on the college's staff intranet for internal review by staff.

Subcontractors shall be notified of any changes to this policy through regular review meetings.

Monitoring

This policy is reviewed annually by the Finance and Corporate Services Committee, who will approve prior to the start of each academic year.

Internal and external auditors shall also review this policy in line with college procedures.

Associated Information and Guidance

The Matrix Standard: <https://www.gov.uk/government/publications/the-matrix-standard>

ESFA Register of Apprenticeship Training Providers:
<https://www.gov.uk/guidance/register-of-apprenticeship-training-providers>

UK Register of Learning Providers: <https://www.ukrlp.co.uk/>

ESFA Funding Rules: <https://www.gov.uk/education/further-education-funding>