

## **Subcontracting Fees and Charges Policy**

2019-20

### Scope

This policy statement details how Wigan and Leigh College will apply fees and charges to contracts with organisations subcontracted to deliver training on the College's behalf.

This document outlines the College's subcontracting fees and charges policy for the 2019-20 academic year. This policy is published in line with Education and Skills Funding Agency requirements stated in the Funding Rules 2019-20.

### Disclaimer

The College reserves the right to amend its subcontracting arrangements at any time in accordance with the terms and conditions contained in its standard contract for subcontracted provision.

### Policy Statement

The College is committed to provide high quality education and training to meet local, regional and national skills priorities. The College recognises that in order to provide such services subcontracting and partnership working is an essential strategic decision. The main reasons for subcontracting are:

- To build capacity to deliver training in skills priority areas
- To offer niche provision through specialist providers
- To minimise the risk in the development of new markets
- To provide cost effective, good quality provision that meets demand

### Statement of Principles

The College has been graded 'Good' by Ofsted in its most recent published inspection. The College applies the Common Inspection Framework to all aspects of its provision. The College will support subcontract partners in developing their quality assurance procedures in line with the requirements of the Common Inspection Framework and strive to promote continuous improvement and high learner success rates.

### Implementation

The College will provide and support the subcontractor with the following:

- Advice and guidance at pre-contract stage

- Regular monitoring visits with detailed feedback identifying good practice and areas for improvement
- Enrolment and audit compliance training
- Self-Assessment Report training
- On-going administration support including in-depth checks of evidence submitted and regular feedback on issues identified
- Input of enrolment documentation submitted
- Submissions of data to funding organisations
- Regular financial reports to inform invoicing
- On-going data checks and support to resolve data queries
- On-going support to address any areas for improvement

Subcontractors will be included in the College's internal inspection process and will participate in:

- Common Inspection Framework training
- Robust self-assessment and quality improvement planning
- The delivery of high quality teaching, learning and assessment
- Continuously improving successful outcomes for learners
- Safeguarding learners
- Equality and Diversity
- Ensuring value for money
- Leadership and Management
- Regular quality assurance checks
- Short notice visits
- Observation of teaching and learning
- Learner satisfaction surveys
- Face-to-face interviews with staff and learners

### Management Fees

The College will incur costs to manage the subcontracting process. These costs will be in proportion to the level of pre-contract assessment, performance management and risk management associated with the subcontracted activity. Also included in the costs are the quality assurance requirements as outlined in the previous section. The level of management fee will be determined at the pre-contract assessment stage and is based on the level of approval and risk status. Fees charged to individual subcontractors may differ depending on the calculation of management fee as outlined below.

Based on a risk banded scale the management fees retained by the College will range between 10% and 25%. At the pre-contracting stage the management fee will be agreed with the subcontractor and will be subject to review and negotiation dependant on performance, risk and delivery model.

The College will, for each subcontractor, determine a detailed list of specific costs for contract management, quality monitoring activities and other support activities

deemed necessary. These specific costs will be detailed within individual contracts and will be based on those detailed in appendix 2.

The College will publish data on the actual level of funding paid and retained for each subcontractor within 30 days of the ILR closing in each Academic Year.

### Payment Terms and Conditions

Payments will be made in proportion to the income generated, per learner, based on the monthly funding return from the Education and Skills Funding Agency. Payments will be made monthly in arrears by invoice in line with the College's finance policies and procedures.

Full details of payment arrangements for each individual contract are included in each Subcontractors contract. These include the detailed schedule for evidence submission and monthly financials deadlines, with specific dates for each month.

### Responsibilities and Duties

The Assistant Principal MIS/IT and Subcontracting has responsibility for ensuring that the Subcontracting Fees and Charges Policy is reviewed and complies with the College's vision, aims and objectives. The Assistant Principal MIS/IT and Subcontracting also has responsibility for ensuring that Subcontracting procedures and other such documents comply with, and are implemented in line with Education and Skills Funding Agency requirements and best practice.

Members of the Executive Management Team have a responsibility for developing and agreeing actions to ensure the implementation of the Subcontracting Fees and Charges Policy and related procedures.

The Governing Board, via the Resources Committee, has a responsibility to ensure the successful implementation of the Subcontracting Fees and Charges Policy.

### Relevant Policies, Procedures and Documents

The College's policies and procedures and other supporting documents relating to the Subcontracting Fees and Charges Policy will be reviewed annually, and if required in year, by appropriate Committees/Managers to reflect best practice and changes in funding rules. Any changes to this policy that are required mid-contract will be discussed with Subcontractors.

This policy will be disseminated to current subcontractors via email and will be available on the college website. All potential subcontractors will be made aware of the policy as part of the tendering process.

### Relevant Policies

- College Finance Policy
- College Quality Policy
- Risk Management Policy

## Relevant Procedures

- College Finance Procedures
- College Quality Procedures
- Risk Management Procedures

## Relevant Guidance

- Education and Skills Funding Agency Funding Rules
- Education and Skills Funding Agency Funding Agreement
- Education and Skills Funding Agency Register of Training Organisations
- Subcontracting Contract Terms and Conditions

## Explanation of Key Terms

- |   |  |
|---|--|
| • Provision Subcontracting                              | Provision subcontracting is subcontracting the delivery of full programmes or Frameworks. It is not subcontracting 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). |
| • Education and Skills Funding Agency Rules             | This document sets out the rules for funding and associated evidence needed for the funding year in which the contract applies.  |
| • Education and Skills Funding Agency Funding Agreement | The 'funding agreement' includes the financial memorandum, contract for services, conditions of the funding grant and the conditions between the Chief Executive of Skills Funding and all providers.  |
| • Learner   | The term 'learner' covers all those who receive education or training we have funded, either directly from the Chief Executive or through a Loan.  |

### Monitoring Arrangements

This Policy will be monitored and reviewed annually by the Strategic Management Team and reports will be sent to the Resources Committee of the Governing Board. Action plans will be monitored half termly by the Strategic Management Team.

Signed \_\_\_\_\_  
(College Principal)

Originator \_\_\_\_\_  
(Assistant Principal MIS/IT and Subcontracting)

Version 2

Date of Issue August 2019

Copies of all approved College Policies can be found on the Staff Intranet, College Website and VLE. The impact and currency of all College Policies are reviewed annually by the Originators and relevant consultation groups.

The Policies and Procedures Review Committee ensures that Policies are updated as required.

The latest version is identified, with the date of issue, on the staff Intranet.

**Appendix 1: Subcontractors Fees 2019-20**  
*Risk Banding Framework*

No	Risk Factor	Weighting	Selection/Criteria	Risk Score
1	Track record of the Subcontractor with regard to meeting success and funding targets.  <i>(Either track record with the College for existing partners, or track record with other primes for new partners).</i>	10	1 – All met.  2 – Up to 15% below funding target and/or 5 percentage points below success target.  3 - 16% or more below funding target and/or 6 or more percentage points below success target, or some information requested not available.	1 – Low 2 – Medium 3 - High
2	Length and history of previous contract relationship with the College.	10	1 – At least 1 previous year of contracting, no serious issues.  2 – At least 1 previous year of contracting, some remediable issues identified.  3 – No previous contract with the College or has a previous contract but serious issues identified.	1 – Low 2 – Medium 3 - High
3	Financial standing of the Subcontractor.	10	1 – Production of 3 years financial accounts with significant surpluses, high credit rating scores.  2 – Production of 1 year financial accounts, unable to provide credit rating score.  3 – Not able to produce financial accounts or credit rating.	1 – Low 2 – Medium 3 - High
4	Anticipated demands of the contract on the College's resources.	5	1 – Learner-responsive enrolment forms and electronic records of learner activity readily available.  2 – WPL enrolment forms and/or high volumes of paper-based evidence of learner activity and/or out-of-area delivery.  3 – Quality or compliance support needs anticipated in addition to usual levels of processing and monitoring.	1 – Low 2 – Medium 3 - High
5	Contract size with regard to both funding and learner numbers	5	1 – Up to £200,000 and 200 learners  2 - £200,001 to £500,000 and/or 201 to 500 learners  3 – £500,001 and above and/or 501 or more learners	1 – Low 2 – Medium 3 - High

**Overall Risk Score: Low: Up to 40 (10%) Medium: 40 to 55 (fee 15%) High: 56 to 89 (fee 20%) Very High: 90 to 120 (fee 25%)**

## Appendix 2: Specific Costs 2019-20

SERVICE PROVIDED	SPECIFIC COSTS	Reason why cost is reasonable and proportionate to delivery of the subcontracted teaching or learning and how each cost contributes to delivering high quality learning
<b>Managing the Subcontractor</b>	Collation and analysis of due diligence documentation including but not limited to:  <p style="text-align: center;"><u>Company Information:</u>                      Companies House and UKPRN Confirmation                      Financial Accounts                      Insurances                      Policies and Procedures                      Venue Health and Safety Reviews</p> <p style="text-align: center;"><u>Staff Information:</u>                      CVs                      Prevent and Safeguarding                      DBS Confirmation</p> <p style="text-align: center;"><u>Delivery Information:</u>                      Proof of Accreditation                      EV Reports                      Examples of Learner Voice</p>	<p style="text-align: center;"><b>(ANNUAL &amp; UPDATES IN YEAR)</b>                      Consideration of financial and non-financial issues to ensure training provider is of high quality and low risk.</p>
	Monthly Monitoring including but not limited to: Processing Learner Data (Enrolment and Achievement) Data Reconciliation Producing ILR Attendance Monitoring Financial Claims Processing and reconciling payments	<p style="text-align: center;"><b>(MONTHLY)</b>                      To ensure compliance with ESFA Funding Rules and Regulations. To facilitate accurate and timely statutory data returns and payment claims supported by robust evidence.</p>
<b>Quality Monitoring Activities</b>	<p><u>Curriculum Focused:</u></p> <p style="text-align: center;">Annual Curriculum Review                      Observation of Initial Advice and Guidance                      Observation of Teaching, Learning and Assessment                      Termly Quality Performance Review</p>	<p style="text-align: center;"><b>(ANNUAL/TERMLY)</b>                      Quality assurance checks to ensure teaching and learning is of high quality and relevant to learner needs.</p>
	<p><u>Learner Focused:</u></p> <p style="text-align: center;">Termly Tracking and Progress Reviews                      Termly Contract Performance Reviews                      Student Interviews                      Student Surveys</p>	<p style="text-align: center;"><b>(TERMLY)</b>                      Reviews and checks to ensure contract compliance, outcomes for learners and learner voice.</p>
<b>Other Support</b>	Safeguarding	<p style="text-align: center;"><b>(ONGOING LIAISON)</b>                      To ensure training provider is compliant with Safeguarding rules and regulations and learners are duly supported/protected where necessary.</p>