

The WKCIC GROUP

SUB-CONTRACTING APPOINTMENT AND (FEES & CHARGES) POLICY 2017/18

Scope

The policy aims to provide consistency of approach and transparency to the Group's appointment of sub-contractors and supply chain fees and charges in relation to its subcontracting arrangements and to ensure compliance with all legal and contractual requirements.

It details how the Group will apply Fees and Charges to contracts with organisations subcontracted to deliver education and training activities supported with funds supplied by the Skills Funding Agency, the Education Funding Agency, the European Social Fund or any successor organisations.

Context

The content of this policy has been developed in line with AoC/ AELP Common Accord, the SFA Funding rules and the LSIS Supply Chain Management document.

Overarching Principles

The Group will use its subcontracting provision to optimise the impact and effectiveness of its service delivery to the end user. It is important the Group exercises control over subcontracted provision to protect its reputation, finance and learners.

The Group will seek to ensure that:

- All subcontracting arrangements comply with the principles of best practice in the skills sector.
- At all times it undertakes fair and transparent procurement activities and conducts robust due diligence procedures and processes on potential subcontractors to ensure compliance with the common accord at all levels.
- The highest quality of learning delivery is made available demonstrating value for money and a positive impact on learner lives.
- The funding retained by the Group is related to the cost of services the Group provides to its partners. Such services and the level of funding retained for them will be clearly documented and agreed by all parties. The rates of such retained funding will be negotiated and agreed in a fair and transparent manner.
- Contract documents will require both parties to agree that the achievements of subcontractors are attained through adherence to requirements.

Signatories therefore commit that all 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 Subcontracting

Subcontracting is a vehicle by which the Group can meet its aims to widen access of provision to all the communities it serves.

Through its subcontracting arrangements, the Group will be in a position to:

- Offer programmes that enhance progression routes to other provision in the Group.
- Grow the provision mix and provide learners and employers with niche or specialist provision offered by partners.
- Offer programmes locally which it currently is not equipped to deliver.
- Offer programmes in communities that the Group finds hard to reach or has no physical presence.
- Be responsive to learners and employers' requirements by offering flexibility of delivery of provision at times and venues convenient to them.
- Progress its efficiency and effectiveness agenda through the delivery of cost effective programmes that address gaps in provision.

Quality Assurance

The quality of the provision is managed and monitored by the Group to ensure full compliance with the relevant funding bodies procedures and processes.

- The Group will provide the necessary support and training required for compliance with its QA processes and regularly validates the outcomes of subcontractors' own quality monitoring processes.
- The Group has in place rigorous quality and performance checks to ensure:
 - The delivery of quality targets and outcomes and timely implementation of corrective actions when necessary.
 - Focus is given to improving the quality of teaching, learning and assessment where applicable to ensure the student experience is consistent with that offered directly by the Group
 - That outcomes are in line with national benchmarks.

Risk Assessment

The subcontracting process, including required due diligence processes (see appendix on selection process, will assess the level of risk associated any proposed arrangement including, the provider's capacity and capability to deliver the contract in full.

To support this process, a series of risk factors will be considered which will impact on both the level of oversight required on behalf of the Group and consequently, the level of management fees charged. These risk factors include but are not restricted to:

- Duration of the contract
- Value of the contract
- Nature of the provision

- Financial Health
- Track record of the sub-contractor
- Historic trends of completion, leaver or drop-out rates
- Geographical coverage
- Delivery model
- Sensitivity of the client group
- Industry type and vocational area
- New sub-contractor (first engagement)
- Existence on Register of Training Organisations (RTO)

Management Fees

The management fees charged will typically range between **15%** and **30%** dependent upon the level of risk assessed and support provided by the Group to ensure the quality of teaching, learning and assessment meets the required standards and the contractor complies with all regulatory and contractual requirements.

The standard management fee covers all standard activities undertaken in support of the subcontractor and typically includes:

- Contract set up and support.
- Due diligence and Risk assessment.
- Tracking of Management information.
- Reporting of regulatory and contractual requirements.
- Data processing, validation and submission of data to funding organisations.
- On-going performance monitoring against agreed contract levels.
- Review meetings and progress reports.
- Enrolment and Audit compliance training.
- Quality and monitoring visits with detailed feedback identifying areas of good practice and those for improvement.
- Invoicing and payment procedures.
- Access to additional learner support.
- Safeguarding and Child protection training and processes
- Collecting stakeholder feedback and costs.
- Learner financial support
- Teaching, Learning and assessment support
- Support with Funding rules compliance
- Capacity Building through training and development
- Access to ILT platforms

This represents the standard process that the Group undertakes in effectively identifying, selecting and managing all sub-contracted provision.

Following the outcome of contract negotiations including support required from the Group, additional assistance and associated charges may be identified as a mandatory element of a subcontracting arrangement. Such additional services may be mutually agreed between the Group and the subcontractor.

The cost of such additional support provided will be covered through the funding retained and will account for the variation in the management fees charged.

Additional support and associated charges will be calculated and negotiated each year at contract renewal, possibly giving subcontractors the opportunity to reduce their fees through continuous improvement. A list of criteria that may be used to assess the level of additional support and associated charges during contract negotiations is outlined in Annexe A. This approach will allow the Group to focus support where and when it is needed and also allow for transparency and fairness in the determination of the management fee.

Additional support activities that may be offered to subcontractors may include:

- Awarding body Fees and Charges.
- Hiring of facilities/equipment within/from the Group.
- Use of other Group resources.
- Internal verification.
- Additional site visits.
- Additional lesson observations.
- Additional tutor and administrative support.
- Direct or indirect management of delivery.

Payment Arrangements

The Group's standard payment terms is 30 days from invoice date subject to satisfactory validation checks

For any funding to be generated, subcontractors are required to submit enrolment and achievement evidence by a certain cut off dates. This is to ensure that the data is processed by the Group in time for the monthly ILR return

Policy Review and Communication

This policy will be reviewed in each summer term and updated as required. It will be published on the Group's website prior to the start of the academic year in which it will be applied. Actual end-of-year sub-contracting fees and charges will also be published on the website in compliance with SFA requirements. Following approval by the senior management team and governing body the policy will be discussed with all current and potential subcontractors during contract negotiations.

ANNEXE A

Criteria for assessing the level of additional support required from the Group.

Overall Rating
Previous track record of delivery
Retention and achievement rates
Length and history of previous contract relationship with the Group
Type of customers to be engaged
Type of provision to be undertaken
Contract performance and duration
New sub-contractor (first engagement)
Quality of References
Geographical coverage of provision – meeting needs of learners in local communities