

TOWER HAMLETS COLLEGE SUB-CONTRACTING (FEES & CHARGES) POLICY 2015/16

Scope

Tower Hamlets College is committed to growing and diversifying the range of courses it delivers to widen participation, deliver to niche markets, engage in new and emerging markets and meet the regional and local economic development agenda. In order to achieve this, the College has taken the strategic decision to subcontract part of its provision to partner organisations who can demonstrate high quality delivery.

The policy aims to provide consistency of approach and transparency to the College's supply chain fees and charges in relation to its subcontracting arrangements and to ensure compliance with all legal and contractual requirements. It details how Tower Hamlets College 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 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 AELP/LSIS Supply Chain Management document issued in 2013.

The College will commit to the overarching principle of the Common Accord to optimise the impact and effectiveness of service delivery to the end user by:

- Aligning our processes with the AELP/LSIS Supply Chain Management document;
- Undertaking fair and transparent procurement activities and conducting robust due diligence procedures;
- Relating the management fee to the costs of the services provided.

Overarching Principles

The College will use its subcontracting provision to optimise the impact and effectiveness of its service delivery to the end user. It is important the College exercises control over subcontracted provision to protect its reputation, finance and learners. Tower Hamlets College 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 College is related to the cost of services the College 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 these Overarching Principles.

Rationale for Subcontracting

Subcontracting is a vehicle by which the College can meet its aims to widen access of provision to all the communities it serves. Through its subcontracting arrangements, the College will be in a position to:

- Offer programmes that enhance progression routes to other provision in the College;
- 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 College finds hard to reach;
- 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.

Upon commencement of the subcontracting process, the Governors will consider a Business Case Proposal to ensure that the subcontracting will be in the best interests of all parties. We will ensure that:

- The proposed delivery is in the best interests of learners and employers;
- The proposed delivery has a clear strategic fit with the College's mission, objectives and values;
- There is sufficient expertise within the College to quality assure the provision;
- There is sufficient staff resource in support areas to administer the processes;
- The subcontractor is approved by the due diligence process;
- There is sufficient funding available within the College's funding contract;
- The subcontractor agrees to work within the terms of the contract.

Quality Assurance

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

- The College 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 College 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 College;
 - That outcomes are in line with national benchmarks.

Risk Assessment

The subcontracting process, including required due diligence processes, will assess the level of risk associated with 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 College 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 standard college management fee applied to subcontracting arrangements is 20% of all funding drawn down against the provision to be delivered. The fee level is based on the direct and indirect costs of effectively managing and monitoring the subcontractor's performance. The management fees charged will typically range between 15% and 30% dependent upon the level of risk assessed and support provided by the College to ensure the quality of teaching, learning and assessment meets the required standards and the subcontractor 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 procedures;
- Collecting stakeholder feedback and costs;
- Learner financial support;
- Teaching, Learning and assessment support;
- Support with Funding rules compliance;
- Capacity Building through training and development.

The above represents the standard process that the College undertakes in effectively identifying, selecting and managing all sub-contracted provision. Following the outcome of contract negotiations including support required from the college, additional assistance and associated charges may be identified as a mandatory element of a subcontracting arrangement. Such additional services may be mutually agreed between Tower Hamlets College 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 College 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 College;
- Use of other college resources;
- Internal verification;
- Additional site visits;
- Additional lesson observations;
- Additional tutor and administrative support;
- Direct or indirect management of delivery.

Payment Arrangements

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

Policy Review and Communication

This policy will be reviewed in each summer term and updated as required. It will be published on the college'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, the policy will be discussed with all current and potential subcontractors during contract negotiations.

Payments to Subcontractors 2015 - 2016

Provider	UKPRN	Start Date	End Date	Type	Total SFA Income	Paid to Provider	Retained by Tower Hamlets College
Apricot Associates Ltd	10046805	01/08/2015	31/07/2016	24+ Apprenticeship	£15,870	£12,696	£3,174
Dhunay Corporation Ltd	10034279	29/02/2016	31/07/2016	19-24 Traineeship	£95,341	£76,273	£19,068
Hackney Community College	10002835	04/01/2016	31/07/2016	16-18 Apprenticeship	£32,412	£25,929	£6,482
Hackney Community College	10002835	04/01/2016	31/07/2016	19-23 Apprenticeship	£46,401	£37,121	£9,280
Hackney Community College	10002835	04/01/2016	31/07/2016	24+ Apprenticeship	£96,983	£77,587	£19,397
Hill McManus Ltd	10024009	18/04/2016	31/07/2016	19-24 Traineeship	£44,992	£35,994	£8,998
New London Education Trust	10034044	13/02/2016	31/07/2016	16-18 Apprenticeship	£1,233	£986	£247
New London Education Trust	10034044	29/06/2016	31/07/2016	19-23 Apprenticeship	£654	£523	£131
New London Education Trust	10034044	26/04/2016	31/07/2016	24+ Apprenticeship	£10,592	£8,474	£2,118