

POLICY STATEMENT



Somerset College

Policy Title	Sub-Contracting Supply Chain Fees and Charges Policy
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Date	March 2014
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Next Review	July 2015
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Scope

The policy applies to all supply chain activity supported with funds supplied by the Skills Funding Agency, the Education Funding Agency or any successor organisations.

Policy Statement

The policy is now a mandatory requirement that must be in place prior to participating in any sub-contracting activity from 1 August 2014. 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.

1. Overarching principle

The College will use its supply chains to optimise the impact and effectiveness of service delivery to the end user. The College will therefore 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. the College will, at all times, undertake fair and transparent procurement activities, conducting robust due diligence procedures 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. the funding that is retained by the College will be related to the costs of the services provided. These services, and the levels of funding being retained for them, will be clearly documented and agreed by all parties. The rates of such retained funding will be commercially viable for both sides and will be negotiated and agreed in a fair and transparent manner. They will be proportionate to the actual services being provided;
- d. 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 in accordance with the Overarching Principle.

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2. Rationale for sub-contracting

The College engages with subcontractors to enhance the ability to meet customer needs.

Reasons are varied but could be:

- to temporarily expand provision to meet a short term need;
- to provide immediate provision whilst expanding direct capacity. This might include working with subcontractors to explore and learn about new frameworks or sectors prior to investment in resources;
- providing access to, or engagement with, a new range of customers;
- to ensure delivery intention is met where there is a recognised risk in direct provision (e.g. through JCP referrals not being realised);
- to support another provider to develop capacity/quality;
- to provide niche delivery where the cost of developing direct delivery would be inappropriate;
- to support employers with a wide geographic requirement.

This is not an exhaustive list and the College may use sub-contracted provision for other reasons not listed above.

3. Quality assurance

Each subcontractor is expected to evaluate annually teaching and learning within the organisation. The College expects providers to observe and grade practitioners at least once a year. Support will be provided to any underperforming teachers. The College's Quality Team will monitor this during their regular visits (where possible, at least one evaluation visit per year will be at short notice). In addition, a member of the College's lesson observation team will observe teaching and learning from each provider at least twice per year.

During regular visits, the Quality Team will review Self-Assessment and Quality Improvement Plans, ensuring that they focus on improving teaching and learning, where necessary. The Quality Team can also offer additional support and guidance on improving teaching and learning and actively promote the sharing of good practice between the provider and the College. The Quality Team will review the learner voice arrangements and, where possible, seek face to face interviews with learners and staff when visiting a provider.

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4. Publication of information relating to sub-contracting

In compliance with Skills Funding Agency and other agency funding rules that apply, the College will publish its sub-contracting fees and charges policy and actual end-of-year sub-contracting fees and charges on its website before the start of each academic year. This will only relate to 'provision subcontracting' i.e. subcontracted delivery of full programmes or frameworks. It will not include 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).

The College will ensure all actual and potential subcontractors have sight of this policy and any other relevant documents, such as the Fees and Charges Risk Factor Table. The Fees and Charges Risk Factor Table includes:

- the typical percentage range of fees retained to manage subcontractors, and how this range is calculated;
- the rationale used to determine the level of fee retained through each sub-contract is a risk based approach;
- Risk bands will be used to allocate College charges. Risk factors are given a score so that each subcontractor is aware of why they are in a particular band, this process will be used to give subcontractors an incentive to improve and thus reduce the risk band that they fall in. For example, higher risk subcontractors will be allocated less funding but receive more monitoring and support.
- the contributory risk factors that would result in differences in fees charged for, or support provided to, different subcontractors might include:
 - previous track record;
 - success levels;
 - type of customers to be engaged;
 - type of provision to be undertaken;
 - contract duration.

This list is not exhaustive and the College reserves the right to amend this list as it sees fit;

- details of any successful completion 'bonuses' where subcontractors are paid some of the fees or charge retained, once it is clear that they will fulfil their contract;
- payment terms between the College and subcontractors – timing of payments in relation to delivering provision and timescale for paying invoices and claims for funding received;

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- the support subcontractors will receive in return for the fees charged.

5. Communication

This policy will be reviewed in each summer term and updated as required. It will be published on the College web site during the July prior to the start of the academic year in which it will be applied. Potential subcontractors will be directed to it as the starting point in any relationship.

6. Accountability

The Director of Funding, Information and Learning Resources is responsible for ensuring subcontractors within the College are in accordance with this policy.

The Director of Enterprise is responsible for ensuring individual subcontractors compliance with their contract terms and conditions.

Formulation - This policy statement was formulated by the Director of Funding, Information and Learning Resources in consultation with the Vice Principal Finance and Resources.

Review - This policy will be reviewed annually in the summer term and the applicable Fees and Charges for the forthcoming year will be published in the Appendix to this policy.

The policy will be approved by the Board of the Corporation.

Authorised by

Approved by

.....
Vice Principal – Finance and Resources

.....
Principal and Chief Executive

Date

Date

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APPENDIX

THE FEES AND CHARGES 2014/15

The standard College management fee is 15% of funding drawn down against the qualification to be delivered. This figure represents the total cost that the College incurs in effectively identifying, selecting and managing all sub-contracted provision. This includes the minimum amount of QA activity that the College would attach to the lowest possible risk subcontractor. This fee is increased to 20% to cover additional support and monitoring for:

- new subcontractors of the College;
- subcontractors who didn't achieve their targets in the previous academic year.

Additional Support for Sub Contractors

The precise additional support given to each subcontractor will be negotiated with that subcontractor, but will be based on a 'risk band' approach and may include:

- additional site visits;
- additional lesson observation;
- additional tutor support;
- more rigorous verification.

Additional charges per learner

The College may also retain funding to cover the cost of any funded activity that it might undertake on behalf of the subcontractor such as:

- awarding organisation fees and charges;
- hiring of facilities/equipment within/from the College;
- Internal Verification.

Payment Terms

All subcontractors are paid monthly on completion as outlined in their contract documentation.