



Subcontracting Policy

Supply Chain Fees and Charges Policy 2016-2017

The purpose of this document is to define the basis on which any subcontracting arrangements will be managed.

Emma Baxter
Director of Finance and Funding
February 2017
Reviewed Annually for Website Publication



Subcontractor and supply-chain fees and charges policy 2016/17

Introduction

The purpose of this document is to define the basis on which any subcontracting arrangements will be managed. Where appropriate, Fareham College will contract with other parties to deliver programmes and activities funded by the government through its funding bodies. The organisation with which it contracts will be subject to the requirements set out below.

The management of subcontractors will be based upon the application of the risk principle. All subcontractors will be risk assessed in relation to the performance standards set in the quality framework. Information about the performance standards can be obtained from the Fareham College Subcontract Manager. All subcontractors will have a risk rating. This rating will determine the frequency and scope of the quality audits undertaken by Fareham College.

Rationale for offering partnering opportunities

Fareham College focuses the majority of its recurrent funding on meeting the needs of residents, employers and communities in the local area. These are supported, on the whole, by the College's internal delivery.

Like many other providers, Fareham College will look to subcontract some elements of SFA and EFA funded provision to meet our customers', both local and regional, needs or in order to:

- expand our provision with new courses or delivery models that the College is currently not equipped to deliver or target specific communities Fareham College is unable to reach;
- diversify our provision in terms of scope or scale including the development of new SSA areas linked to new or existing business contacts where the College alone could not sufficiently provide coverage;
- grow our provision mix and provide customers with niche or specialist provision offered by partners;
- maintain market share and look to expand contract values supporting smaller providers to develop and grow their specialist provision.

Supply Chain Fees and Charges for 2016/17

The typical percentage range of fees retained by Fareham College in 2016/17 to manage subcontractors will be **30%**. However, the College reserves the right to set rates/fees contingent on the performance of the subcontractor and in light of known risk factors. New partners naturally present higher risks to the College and attract a lower subcontract rate reflecting a higher level of QA and resource intervention. The aforementioned rate has been calculated to include the costs of managing and administering the subcontracting arrangements, the electronic and paper systems used within the relationship and the additional value offered to partners in terms of support to ensure compliance.

There may be an accommodation with the fees charged to subcontractors for particular support provided. This is for a variety of reasons but could include the use of College premises for delivery, specific delivery by College staff on elements of partner's programmes and additional support arrangements put in place to manage underperformance by partners.



Subcontractor and supply-chain fees and charges policy 2016/17

Such rates will reflect additional costs to the College of any additional support that the College deems necessary to ensure the quality of teaching and learning and the success rates of any subcontracted provision.

In return for the fees charged, Fareham College will provide the following services and support:

- Access to the whole College CPD programme that includes opportunities for subcontractor's staff to develop new course materials, improve teaching and learning practice and refresh knowledge of safeguarding, funding rules and audit compliance (including completing College paperwork and utilising College on-line systems to track learners progress, attendance and progression);
- A dedicated Subcontract Manager who is available to provide support and guidance and undertake, as a minimum, regular site visits, teaching and assessor observations, paperwork compliance check and technical support;
- Access to a range of electronic tools to monitor learners progress, attendance and progression;
- Administrative support to ensure all paperwork is audit and ILR compliant and safely stored and uploaded onto SFA/EFA systems;
- Access to the College's Quality and CPD services that provide 1:1 support and training for teaching and delivery staff that are graded 3 or 4 with targeted action plans to improve their practice;
- Access to College staff to deliver specific or specialised provision and use of College premises for open events, hot-desking and course delivery;
- Business Development and joint bidding opportunities to link with regional or national employers;
- Due diligence quality checks;
- Paperwork submission quality and accuracy checks;
- Monitoring visits, both scheduled and un-scheduled;
- Observations of teaching, learning and assessment;
- Enrolment administration once data submissions are fully correct;
- MIS data monitoring for completeness, accuracy and financial payments;
- Audit checks of files including management of funding agency audits;
- Course code set-ups for all courses to be delivered;
- Scheduling, monitoring and activating monthly partner payments;
- All items identified in the contract monitoring and review section of this policy.

Payment

The standard payment terms are monthly in arrears based on actual delivery recorded on the College ILR. Full details of payments are included within Section 14 of the contract between Fareham College and subcontractors. These are summarised below:



Subcontractor and supply-chain fees and charges policy 2016/17

- The College will make the payments to the Partner calculated and payable in accordance with Schedule 14 of the Contract.
- Payments will be made within 30 days to ensure compliance with the SFA and EFA mandatory requirements as set out in the Procurement Policy note (Action Note 07/10 25th March 2010, Office of Government Commerce).
- If there are errors in audit of a sample of the evidence provided by the Partner to support the payments the College reserves the right to recover from the Partner an amount based on the error rate identified and the total value of this Agreement.
- Such amounts may be recovered by making deductions from future payments due to the Partner under this Agreement.
- If the funding money is withdrawn from the College by the SFA or the EFA retrospectively the College reserves the right to withdraw funding from the Partner.

This policy has been shared with all current partners and is available to download alongside the documentation potential partners complete on the www.fareham.ac.uk website.

This policy is reviewed on an annual basis to allow for any alterations in SFA or EFA funding guidance this enables the College to ensure partners are fully aware of these changes in addition to any alterations in our policy.

Contract Variation

The College will monitor the contract performance of the subcontractor to assess any likely shortfall in the use of the allocated amount, or conversely, if it appears that the allocation will be insufficient to meet the business needs of the subcontractor. The College will agree a schedule of business with the subcontractor with termly assessment points. If the subcontractor has not used their termly allocation the College reserves the right to amend their contract amount by the amount of shortfall and redistribute it where needed.

The College will only increase a contract amount if it can afford to do so.

Subcontracting Process Overview

To ensure clarity from the outset the College has ensured that it has robust systems in place that are consistent and highlights roles and responsibilities; this will remove any risk of confusion and uncertainty from the outset and is shown in the diagram below:

Identification of need to subcontract

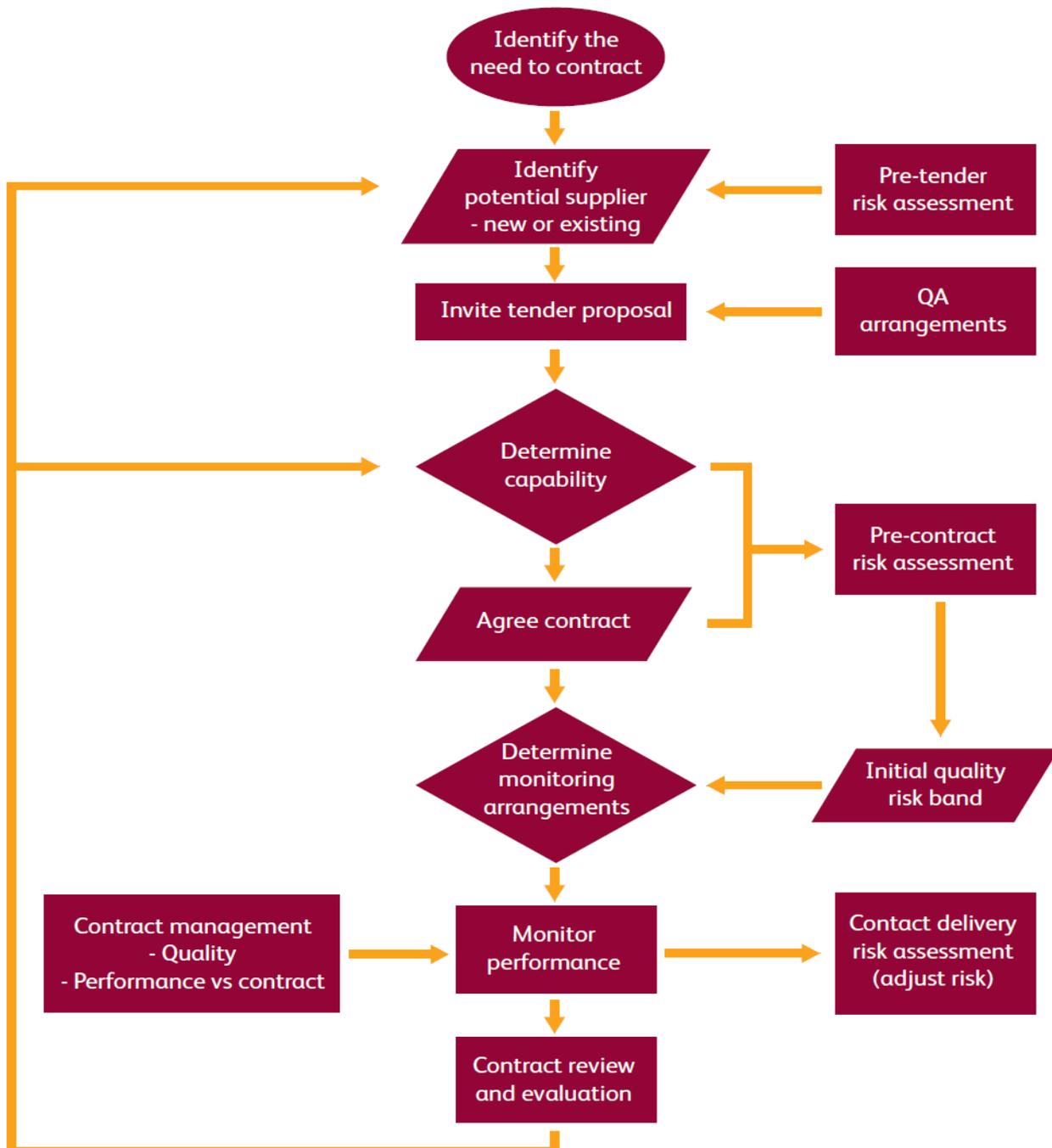
The College has two main identification points:

- Its annual delivery cycle each year enables Fareham College to become aware of any potential spare capacity within its current year. Existing supply chains are made aware of the volumes available and are asked to submit a business case (see sections below.)
- Additional business development or contract opportunities are generated by the College or supply chain and specialist or geographically specific partners are required to service some of these needs. Existing partners are approached or announcements made via the website for partners.

Subcontractor and supply-chain fees and charges policy 2016/17

Due Diligence

- All potential and current subcontractors will supply Fareham College with all relevant information requested within the Fareham College due diligence documentation to protect learners and to ensure the subcontractor is a legally, financially and educationally sound organisation, prior to a contract being signed.
- Following due diligence, subcontractors should notify Fareham College of any changes in circumstances or personnel related to the contract immediately. This process will be repeated on an annual basis with a specific focus upon financial and quality related performance updates.





Subcontractor and supply-chain fees and charges policy 2016/17

Decision Process

In addition to the Due Diligence documentation, subcontractors will also provide a business case which will include:

- organisation overview
- structure - legal and operational
- rationale for contract request
- demand-led evidence
- added value to prime contractor and sector
- current offer and track record of successful delivery
- QA/QI systems
- financial health check
- completed Agency Register (online due diligence process)
- references from previous clients

The application processes and base documentation will form the main decision making process to select a sub-contractor.

Decisions will also be determined by the responses to the key questions requested in potential partners' delivery plans against local and regional priorities.

Fareham College will be looking for flexibilities that develop and deliver an offer that meets the needs of local people, employers and the wider community.

The costs/benefits of an internal solution (investment) vs. an external solution (subcontract) will also be considered as will the leverage that subcontracted work can provide to key College and/or government growth targets, especially 16-18 Apprenticeship delivery.

Contracting

Based on approval and through discussion or negotiation, both the College and the subcontractor will agree the contract content and value. The following core contract components will be agreed:

- Subcontractor profile
- Subcontractor duty (and KPIs)
- College duty
- College service offer
- College management and service charges based on due diligence results
- Contract volume and value.

The contract will reflect the in-year Agency Funding Guidelines and updates. All contracts are legally binding and will need to be signed by all parties prior to the commencement of delivery.

The College will declare to the Agency the subcontractor arrangement as and when changes occur, but as a minimum annually.

During the contracting year if there is any evidence of a subcontractor's irregular financial or delivery activity, the College will carry out an investigation and will report the outcome of the



Subcontractor and supply-chain fees and charges policy 2016/17

investigation, in writing, to the Funding Agency Relationship Manager within 10 days of the investigation being complete.

Second-level Subcontracting

Second level subcontracting is only allowed in exceptional circumstances and for this we would need to obtain approval in writing and in advance of contracting each year.

Contingency Planning

The college will undertake all reasonable steps to ensure the viability and continuation of any contractual arrangements with sub-contractors' provision. Due diligence undertaken is robust enough to ensure the risk of failure of a sub-contractor's ability to deliver under its original contract terms is low and mitigated as far as possible through regular quality audits, annual financial review and regular contact with the account manager. In the unlikely event of a sub-contractor failing to deliver the college will either pick up delivery through its own means or facilitate transfer to another provider.

Other Requirements

For any potential subcontractors that have not previously subcontracted provision the College must seek approval in writing from the Agency before awarding a contract.

If, when appointing subcontractors, there is a risk of conflicts of interest, the College will notify the Chief Executive of Skills Funding, in writing, about identifying the circumstances (for example, common directorships) which might give rise to an actual or perceived conflict of interest.

All subcontractors holding contracts with an overall value of £100,000 must be listed on the Register of Training Organisations (ROTO) before the College will enter into a subcontract with them.

The College will only subcontract for delivering funded provision to legal entities. If the legal entity is a registered company, it must be recorded as 'Active' on the Companies House database.

Performance Data

Subcontractors will provide a range of data, at the frequencies specified in the contract as agreed at contract negotiation and identified within Schedule 1. Should a subcontractor fail to deliver the data consistently; Fareham College reserves the right to impose financial penalties.

Delivery Quality

Subcontractors will ensure that all learners are given inductions to their courses or programme. The induction given must be consistent with the standards specified by Fareham College for the management and delivery of learner inductions.

All courses should include an initial assessment process that enables learners and staff to identify what they want to achieve from the course. This process should ensure that:



Subcontractor and supply-chain fees and charges policy 2016/17

- Learners have the necessary aptitudes, attributes and abilities to help them successfully complete the courses for which they are applying.
- Any learning support needs are accurately identified.
- Learners have the information they need to help them make well informed judgements about the relevance of their courses to their short and longer term employment and learning goals.

Any identified support needs will be fed back to Fareham College, who will approve the additional support and any extra cost involved. Subcontractors must have access to appropriate learner support arrangements.

Where appropriate the assessment should also gather necessary information about health and medical records, previous relevant experience, depending on the nature of the course itself and specifically where the nature of the course presents significant health and safety issues. Fareham College Health & Safety policy and risk assessments must be adhered to.

Tutors must maintain learner progress records at an appropriate level of detail, in relation to the context and length of the course or programme.

Fareham College Quality documents provide the benchmark for the detail of records required.

All courses will have their content defined within a scheme of work and their sessions will be planned using an appropriate lesson/session plan. Both these should be consistent with the requirements defined in Fareham College Quality documents.

Requirements in relation to observation of teaching and learning are defined in Fareham College Quality documents.

Subcontractors will register their learners with the appropriate examination boards within agreed timescales and abide by awarding body regulations. Subcontractors will maintain assessment and verification, and/or moderation arrangements that are consistent with the requirements of the awarding bodies, examination boards and the Sector Skills Councils, where the latter make recommendations regarding assessment and verification arrangements.

Subcontractors must ensure that appropriate staff attend Fareham College best practice events and any training organised by Fareham College which has been put in place to address issues identified in quality or compliance post-audit action plans. Failure to attend such events will result in the organisation's risk assessment rating being increased. This action is likely to increase the frequency of quality and/or compliance audits undertaken. Other penalties may also be applied.

"Appropriate staff" are normally defined as individuals who have relevant managerial authority and responsibility for the subject being addressed through the training. The exception to this definition will be where training is designed for practitioners.

Subcontractors will ensure that they maintain effective employer engagement. Employer engagement processes must be consistent with the standards specified by Fareham College for the management and delivery of learner inductions.

Health & Safety

Subcontractors must provide details on request to Fareham College, of how they ensure that facilities used to deliver learning meet all Health & Safety regulatory and legislative requirements, including where required specific health & safety reports, audits and risk assessments.



Subcontractor and supply-chain fees and charges policy 2016/17

Subcontractor tutors must be capable of and must undertake activity and facility risk assessments at a frequency consistent with the type of activity and the nature of the facility being used.

Subcontractors must ensure that the appropriate staff members attend Fareham College best practice events and any training organised by Fareham College which has been put in place to address issues identified in quality or compliance post-audit action plans relating to Health & Safety. Failure to attend such events will result in the organisation's risk assessment rating being increased. This action is likely to increase the frequency of quality and/or compliance audits undertaken. Other penalties may also be applied.

"Appropriate staff" in this instance are normally defined as individuals who have relevant managerial authority and responsibility for Health & Safety.

Information, Advice and Guidance (IAG)

Subcontractors will be required to demonstrate that they provide information, advice and guidance (IAG) at an appropriate range of venues and through a range of media, including the internet, to a standard consistent with that offered by Fareham College. IAG should include:

- Initial advice and guidance to inform the learner's choice of programme or course
- On-programme advice and guidance/tutorial support to help learners:
 - Develop ideas for future learning or employment
 - Who have personal issues such as substance misuse, housing problems, pregnancy etc, identify and make contact with relevant organisations
 - Make specific choices about future learning or employment.

Facilities and Resources

All facilities and resources used must be "fit for purpose" and comply with all current Health & Safety legislation. Any new premises or change of premises used for the delivery of programmes funded by the College need to be risk assessed and details supplied to the College prior to commencement of any delivery.

Self-Assessment

All subcontractors will be required to undertake a self-assessment process in relation to the Common Inspection Framework and produce a SAR which clearly and specifically identifies and evaluates the courses and programmes which they are contracted to deliver. The SAR and resulting action plan must be submitted as specified in the contract.

Service Standards

All subcontractors will be required to demonstrate how they will meet the Fareham College service standards in relation to providing a high quality service at all points of a learner's journey and how they will communicate these standards to learners.

Subcontractors will be required to meet the performance targets set out in the Contract Schedules 1-3 at contract negotiation and identified within Schedule 1. Should Subcontractors fail to meet the performance targets, Fareham College will work with the subcontractor on an



Subcontractor and supply-chain fees and charges policy 2016/17

improvement plan and monitor performance. Further continued poor performance may result in financial penalties or a termination of the contract.

Fareham College staff will support those subcontractors who require further development to reach the required standard in the expectation that subcontractor staff will subsequently maintain this standard.

Safeguarding

Subcontractors will be required to have in place safeguarding arrangements which are consistent with the standards specified in the guidance documentation provided by Fareham College. To include duties under PREVENT and in line with OfSTED policy and where appropriate, promote fundamental British values.

Recruitment Profiles and Delivery Locations

Subcontractors may be required to ensure that programmes are delivered in specific localities, depending upon the nature of the contract. They may be required to recruit learners from a specific profile e.g. age, ethnicity, gender, disability, NEET.

Audit Procedures

Fareham College will conduct audits of subcontractors as specified in the Quality Assurance arrangements in Contract Schedules 1-3 agreed at contract negotiation and identified within Schedule 1.

Fareham College will provide reasonable advance notice in writing of proposed visits to the subcontractor of the scope and date of each audit.

Post-audit action plans will be produced where necessary and subcontractors will be supported through training and mentoring to achieve the aims set out in the action plans. Subcontractors who consistently fail to attend training or engage in the mentoring scheme will be financially penalised and/or their contract terminated.

Policy and Procedures

Subcontractors will be required to demonstrate that they have robust quality audit arrangements, consistent with the requirements related to the audit activities undertaken by Fareham College as specified above.

They will be required to maintain, review and update policies and procedures in line with national legislation and as appropriate to the nature of their contract in the following areas:

- Health & Safety
- Equality & Diversity
- Safeguarding
- Sustainability
- Quality Assurance, including performance monitoring and development of:
 - Teaching practice
 - Initial assessment



Subcontractor and supply-chain fees and charges policy 2016/17

- Additional learning support
- Information, advice and guidance
- Self-assessment
- Service standards
- Performance management information
- Data protection
- Staff recruitment and development
- Financial management

Contract Monitoring and Review

Subcontractor performance will be monitored on an ongoing basis and will also include attendance at Principal Performance Review meetings that will be scheduled at appropriately regular intervals throughout the year. Feedback on performance will be provided in writing, by phone or e-mail and will require actions to address any identified issues. The methods used will depend upon the circumstances at any point in time. Feedback will also be provided at periodic contract performance review meetings. The frequency of these meetings will depend upon the performance of the subcontractor.

Where performance falls below the standard required, subcontractors will be issued with a notice to improve. Support will be provided to help subcontractors develop and enhance the quality of their delivery. If a subcontractor fails to meet the necessary improvements within the agreed timescales, it may be necessary to implement contract termination procedures.

Monitoring will include:

- having monthly conference calls and/or visits
- examining MIS and claims
- scheduled support visits.

Review will involve:

- appropriately regular formal meetings
- an examination of all aspects of the contract
- planning future actions.

Evaluation will include:

- annual assessments/audits
- looking at contract performance
- the contract renewal decision-making process.

The level of contract management and service provided by the College to the subcontractor will be determined at approval stage, but could be increased in year as performance levels are reviewed.

If during in-year monitoring there is any evidence of a subcontractor's irregular financial or delivery activity the College will carry out an investigation and will report the outcome of the



Subcontractor and supply-chain fees and charges policy 2016/17

investigation, in writing, to the Funding Agency Relationship Manager within 10 days of the investigation being complete.

If a subcontractor is found to be subcontracting to a second level, the contract will be stopped and a decision will be made to determine actions or whether the College should seek approval in writing, as this should only be sought in advance of contracting each year.

Contract Termination

Fareham College will work with its subcontractors to ensure that all learners receive high quality, safe and inspiring training, with all the necessary support for individuals to achieve their aims and progress on to employment.

Should a subcontractor consistently fail to improve any element of its performance which is deemed to be unsatisfactory or inadequate, or consistently fail to engage in training or with the quality support systems which are in place, Fareham College reserves the right to terminate the contract to protect its learners.

If contract termination procedures are implemented, subcontractors are contractually required to co-operate fully with this process. Failure to comply with the requirements will result in withheld payments until a satisfactory resolution is achieved.

Partners

Current Academic Year (16/17)	Prior Academic Year (15/16)	Registered Company Number	UKPRN
Steve Willis Training Ltd	Steve Willis Training Ltd	03617602	10006326
GroundWork South Trust Ltd	GroundWork South Trust Ltd	01982077	10006826
St Mary's Training Ltd	St Mary's Training Ltd	02892833	10024728
Military Mentors	Military Mentors	8339199	10042909

Provisional Contract Values 2016/17

16/17 Subcontractor			16/17 Net Contract Value	16/17 Gross Contract Value	16/17 Rate	Funding Received 15/16	Funding Paid to subcontractor 15/16	Funding retained 15/16
SFA	Ground Works	AEB Classroom / Traineeships	-	-	-	£57,389	£40,172	£17,217
SFA	Ground Works	Apprenticeship	£10,000	£14,286	70%	£35,295	£24,707	£10,588
SFA	SFC	AEB Classroom / Traineeship	£35,000	£50,000	70%	£65,096	£45,567	£19,529
SFA	SFC	Apprenticeship	-	-	-	-	-	-
EFA	SFC	Study Programmes	£10,000	£14,286	70%	-	-	-
SFA	Steve Willis	Apprenticeships 16-18	£750,000	£882,353	85%	£969,209	£823,828	£145,381
SFA	Steve Willis	Apprenticeships 19+	£125,000	£147,059	85%	£150,204	£127,673	£22,531
EFA	Military Mentors	Study Programmes	£90,000	£112,500	80%	£113,754	£91,003	£22,751
Total			£1,020,000	£1,220,483		£1,390,947	£1,152,950	£237,997