

The logo for Exeter College, featuring a stylized blue arrow pointing upwards and to the right, positioned to the right of the text 'exeter college'.

exeter college

# ESFA Sub Contracted Fees and Charges Policy

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## 1. Purpose

This policy applies to all supply chain activity supported with funds supplied by the Education and Skills Funding Agency (ESFA) or any successor organisations.

This policy is a mandatory requirement that must be in place prior to participating in any sub-contracting activity. The content of this policy has been developed in line with AoC/ AELP Common Accord, the ESFA Funding rules and the LSIS Supply Chain Management document.

## 2. Definitions

- ESFA – Education and Skills Funding Agency
- HotSW LEP – Heart of the South West Local Enterprise
- JCP – Job CentrePlus
- QA processes – Quality Assurance Processes
- ILR – Individualised Learner Record

## 3. Policy

### 3.1. Rationale for sub-contracting

The College engages with sub-contractors to better meet customer needs. Reasons are varied including:

- 3.1.1. To add value to current provision within the HotSW LEP area;
- 3.1.2. To temporarily expand provision to meet a short term need;
- 3.1.3. To provide immediate provision whilst expanding direct capacity. This might include working with sub-contractors to explore and learn about new frameworks or sectors prior to investment in resources;
- 3.1.4. Providing access to, or engagement with, a new range of customers;
- 3.1.5. To ensure delivery intention is met where there is a recognised risk in direct provision (e.g. through JCP referrals not being realised);
- 3.1.6. To support another provider to develop capacity/quality;
- 3.1.7. To provide niche delivery where the cost of developing direct delivery would be inappropriate;
- 3.1.8. To support employers with a wide geographic requirement.

### **32. Quality Assurance**

- 321 The quality of sub-contracted provision will be monitored and managed through the existing College QA processes and procedures. These processes and procedures have been amended in order to fully encompass all sub contracted activity;
- 322 QA will ensure continuous improvements in the quality of teaching and learning for both the College and its subcontractors. This will be achieved through the sharing of effective practice across the supply chain, for example through the Self-Assessment Report process.

### **33. Publication of information relating to sub-contracting**

- 331 In compliance with ESFA and other agency funding rules that apply, the College will publish its sub-contracting fees and charges policy on its website before the start of each academic year (and in the case of actual end of year data, as required by ESFA);
- 332 Data on the actual level of funding paid and retained for each subcontractor will be published within 30 days of the year end ILR closing;
- 333 Publication 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);
- 334 Provision subcontracting lists will be agreed with the ESFA prior to publication;
- 335 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;
- 336 Details of any successful completion bonuses where sub-contractors are paid some of the money retained, once it is clear that they will fulfil their contract;
- 337 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;
- 338 The support subcontractors will receive in return for the fees charged.

### **34. Sub Contracting Fees and Charges**

- 341 The College sub-contracting management fee will normally be 20% of all funding drawn down against the provision to be delivered. This figure represents the total cost that the College incurs in effectively identifying, selecting and managing all sub-contracted provision. This figure also includes the minimum amount of Delivery / QA activity that the College would attach to the lowest possible risk sub contractor;

342. By exception, a higher or lower management fee may be applied where there is either a greater need for the College to provide additional delivery or quality assurance support (higher fee), or greater responsibility for quality assurance is taken by the sub-contracting organisation (lower fee);
343. Contributory risk factors will result in differences in fees charged for, or support provided to, different subcontractors including: Previous track record; Success levels; Type of customers to be engaged; Type of provision to be undertaken and / or Contract duration;
344. A risk assessment approach will be used to allocate management fee charges. This process will be used to give sub-contractors an incentive to improve and thus reduce the management fee element. Higher risk sub-contractors will be allocated less funding but receive more monitoring and support.
345. Invoices will be paid within 30 days of receipt

### **35. Additional Quality Support costs**

351. Further charges may be added during the contract period, to cover 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 sub contracted provision. These charges will be negotiated with the relevant sub-contractor;
352. The nature of any necessary additional support will be negotiated with the sub-contractor and will be based on a risk assessment approach. Support may include: Additional site visits; Additional lesson observation; Additional tutor support and/or; more rigorous Internal Quality Assurance;
353. Additional costs will be determined using a risk assessment approach. The calculations will be made available to the relevant sub-contractor and are designed to ensure that the cost of any additional support provided is covered through the funding retained.
354. Any additional quality support costs will be calculated and negotiated each year at contract renewal, giving sub-contractors the opportunity to reduce their fees through continuous improvement. This approach will allow the College to focus support where and when it is needed;

### **36. Additional Activity costs**

The College reserves the right to retain funding to cover the cost of any additional funded activity required by the sub-contractor, such as:

- Managing Awarding Organisation fees and charges;
- Hiring of facilities/equipment within/from the College;
- Internal Quality Assurance services(IV).

## **4. Implementation**

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:

- 4.1. Supply chain management activities comply with the principles of best practice in the skills sector, including the principles given in the LSIS publication "Supply Chain Management – a good practice guide for the post-16 skills sector" (Nov2012);
- 4.2. 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;
- 4.3. 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;
- 4.4. 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.

## **5. Associated Documentation**

- 5.1. ESFA Funding Rules
- 5.2. Partner Provider Contracts
- 5.3. Quality Assurance Records
- 5.4. LSIS Supply Chain Management – FE Sector Good Practice Guide
- 5.5. AoC / AELP Common Accord

## **6. Monitoring, Review and Evaluation**

- 6.1. Exeter College will comply with all ESFA regulations with regards publication of the declaration of subcontractor values and independent audit where total value exceeds £100,000
- 6.2. This policy will be reviewed annually on the publication of the Education and Skills Funding Agency (ESFA) Funding Rules for each academic year.
- 6.3. This policy will also be reviewed following any changes to the Education and Skills Funding Agency (ESFA) Funding Rules on Sub-Contracting.