



## Subcontracting Policy 2020/21

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# Subcontracting Policy 2020/21

## 1. Scope

The policy statement, which is reviewed annually, details how Bath College applies funding to all supply chain activity supported with funds supplied by the Education and Skills Funding Agency (ESFA) and Greater London Authority (GLA) or any successor organisations. Where a partnership or collaboration is formed, these arrangements should not be confused with subcontracting and they do not fall within the scope of this policy.

## 2. Context

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

## 3. 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:

- 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)
- 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 learners’ lives.
- The funding that is retained by the College will be related to contract management. This contract management and the levels of funding being retained, 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 contract management being undertaken.
- 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,

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negotiations and actions undertaken to build, maintain and develop supply chains will be conducted in good faith in accordance with the Overarching Principle.

### **4. Reason for subcontracting**

In line with our mission and strategic priorities detailed in the Strategic Plan 2020-2025:

#### **Mission**

The vision of the College is to be a centre of excellence, being the College of choice and recognised as the best College in the region by 2023 and the best College nationally by 2025.

#### **Strategic Priorities**

- Financial stability
- Excellent quality
- Growth
- Effective and flexible curriculum
- Collaboration and partnerships
- Inclusive learning culture for all

Bath College engages with subcontractors to enhance the quality of the learner offer through:

- Providing specialist programmes to complement the College's own provision
- Meeting regional community needs and priorities which the College is not able to provide directly such as specialist training for the unemployed
- Helping employees in target sectors to upskill and progress
- Providing learners and employers with access to a wider range of training to meet skill shortages
- Testing new provision prior to investment in resources for direct delivery

### **5. Contribution to improving the quality of teaching and learning for the College and its subcontractors**

The College works in partnership with its subcontractors towards continuous improvement in the quality of teaching and learning. This is achieved through the sharing of effective practice across the supply chain. In line with quality policies, the College conducts observations and provides constructive feedback to tutors and managers. Progress is reviewed at quality audits and monthly review meetings between the College and the subcontractor. As part of their contractual requirements, subcontractors participate in the College's annual Self-Assessment Report process to identify areas for further improvement.

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### 6. The typical percentage range of funding retained by the College to manage subcontractors and how this is calculated

A risk factor assessment is conducted for each potential and existing subcontractor based on thorough due diligence evidence provided including credit and Companies House checks. The risk factor table in Annex 1 shows the performance indicators, criteria and risk levels against which subcontractors are assessed. 20% of all funding drawn down against the provision to be delivered represents the typical contract management costs retained by the College to cover the range of support detailed in section 7 below. Subcontractors are made aware of the results of the risk factor table which provides an incentive for them to improve in any areas where the risk is medium to high with additional monitoring and support from the College.

### 7. The support subcontractors receive from the College and requirements

The funding retained for contract management represents the total cost that the College incurs in effectively identifying, selecting, managing and monitoring all sub-contracted provision. The College will identify the support required and associated costs for individual subcontractors based on the table below ensuring, through discussions with the subcontractor, that costs are reasonable and proportionate to the delivery of teaching and learning:

Support area provided to subcontractor by Bath College	Support provided to ensure high quality learning
The College provides <b>Leadership and Management</b> to ensure the provision meets the strategic objectives.	The College provides a Contract Manager to manage the relationship with the subcontractor and provide guidance on strategic direction with input from senior management
	Provision of self- assessment process, self- assessment report and quality improvement plan for regular progress reviews
	Guidance on implementation of policies such as safeguarding and Prevent and staff training opportunities
	Planning and monitoring of delivery to ensure it meets agreed contract terms and targets and identify areas for improvement
	Negotiation, preparation and checking of contracts

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<p>The College provides <b>Quality Assurance</b> to ensure that the quality of subcontractor's delivery meets its expectations and to support the continuous improvement of the subcontractor's provision.</p>	<p>Quality assure all provision to ensure high standards of teaching &amp; learning are upheld and to identify areas for improvement</p>
	<p>Financial and non-financial due diligence to ensure quality selection of subcontractors</p>
	<p>Monthly quality and contract meetings; monitoring visits; quality audits three times a year to ensure quality standards are met</p>
	<p>Regular monitoring of quality improvement plans to support the subcontractor to deliver</p>
	<p>Observations of teaching, learning and assessment and sharing of effective practice</p>
	<p>Review of initial advice and guidance processes to ensure the learner is on the right course</p>
	<p>Review of initial assessment processes to ensure they are robust and fit for purpose</p>
	<p>Review of Individual Learning Plans (ILPs) and learner progress</p>
	<p>Review of learner feedback on the quality of teaching and learning to support continuous improvement</p>
	<p>Monitoring of retention and achievement data and quality improvement initiatives</p>
	<p>Dissemination of policy updates and requirements and sharing of best practice</p>
<p>The College provides <b>Administration support, MIS and Finance</b> to ensure the timely recording of learner information on the College's ILR, tracking support to ensure providers meet contract values and are paid on time.</p>	<p>Ensure delivery profiles are met and payments are made in a timely manner</p>
	<p>Checking and review of forms and other documents associated with the confirmation and eligibility to study and enrolment of learners</p>
	<p>Ensure compliance with funding rules</p>
	<p>Checking of registers and attendance</p>
	<p>Audit of ILR returns to ensure accuracy and answer funding and eligibility queries</p>
	<p>ILR submission and error tracking and corrections support</p>

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	Reconciliation with ILR, checking of invoices and payment of invoices
	Contract administration
	Preparation for audit and inspection
	Providing regular monitoring reports and data support

### **8. The reason for any differences in retained funding or support provided to different subcontractors**

Further funding may be retained to cover the cost to the College of any additional support that the College deems necessary to ensure the quality of teaching and learning and the achievement rates of any sub contracted provision. Additional support will be negotiated with the sub-contractor based on the risk band in the risk factor table and may include:

- Additional site visits
- Additional lesson observations
- Additional tutor support
- More rigorous verification

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

- Awarding Organisation fees and charges
- Hiring of facilities/equipment within/from the College
- Internal Verification

### **9. Payment terms between the College and its subcontractors: timing of payments in relation to delivering provision and timescale for paying invoices and claims for funding received.**

Invoices are calculated based on reconciliation with the ILR on a monthly basis to ensure that it accurately reflects delivery of provision. Payment terms are 30 days from receipt of the subcontractor's invoice for a valid claim.

### **10. How and when the policy is communicated and discussed with current and potential subcontractors**

This policy will be reviewed annually and updated as required. It will be published on the College website by the July prior to the start of the academic year in which it will be applied. Potential sub-contractors will be directed to it as the starting point in any relationship followed by due diligence as part of the College's Selection and Quality Management process. The policy will be provided and discussed with existing providers during their due

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diligence annual review in the summer term. All potential subcontractors will be given a deadline for submitting applications.

Following due diligence, a written strategic and financial business case for each potential subcontractor is submitted to the Senior Management Team and Corporation for approval. The outcome is then communicated to potential and existing subcontractors. This includes the reason for subcontracting, the services that the College will provide and associated specific costs (see table in Section 7) and how each cost is reasonable and proportionate to subcontract delivery of high quality learning.

### **11. Where the policy is published**

In compliance with Education and Skills Funding Agency Funding Rules that apply, the College will publish its Subcontracting Policy on its website before the start of each academic year and provide actual end-of-year subcontracting funding as required by the ESFA. 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.

### **12. Contingency plans**

In the event that the College needs to withdraw from a subcontract arrangement, a subcontractor withdraws from the arrangement or a subcontractor goes into liquidation or administration, the College will take steps to ensure that provision is made so that the learners involved are able to complete their qualifications.

For medium to long courses under classroom-based provision, the College will ensure that it has the ability to deliver the courses in the local area. For short, medium and long courses delivered outside the local area, other arrangements would be made such as transferring to other training organisations through an interim subcontract to enable learners to complete the qualifications.

For individual subcontract arrangements, risks have been considered as part of the selection process including losing qualification status, losing financial status, organisation sale/change in ownership, staffing issues and funding for more than 1 year. Specific contingency plans for each subcontractor are developed as part of the subcontractor selection and quality management process (Annex 2) to include operational aspects to ensure that learners can complete their qualifications.

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### Annex 1 Risk factor table

Performance indicator	Criteria	Risk level	Score
Previous track record in terms of meeting funding and success rate targets	1. All fully met and evidenced	1. Low risk	5
	2. Up to 10% below funding target and/or up to 5% below national success rates	2. Medium risk	10
	3. More than 10% below funding target and/or more than 5% below success rate targets	3. High risk	15
Length and quality of the relationship with the College	1. 2 or more years as sub-contractor – no issues	1. Low risk	5
	2. 2 or more years as sub-contractor – some issues	2. Medium risk	10
	3. 2 or more years but serious issues or new with no previous relationship with the College	3. High risk	15
Financial stability of sub-contractor	As a result of due diligence tests:	1. Low risk	5
	1. Fully compliant – accounts, insurance, credit rating	2. Medium risk	10
	2. Compliant but some issues requiring further guidance 3. Compliant but requiring additional guidance and support – both in depth and timing	3. High risk	15
Type of provision to be undertaken	1. Short* funded programmes	1. Low risk	5
	2. Medium* courses under classroom-based provision	2. Medium risk	10
	3. Long* courses or apprenticeships	3. High risk	15
Contract performance and duration	1. Fully compliant with quality assurance procedures	1. Low risk	5
	2. Near full compliance with some issues	2. Medium risk	10
	3. Additional support substantial to ensure compliance with more serious issues	3. High risk	15
Contract size	1. Up to £350,000	1. Low risk	5
	2. £350,001 to £500,000	2. Medium risk	10
	3. £500,001 and above	3. High risk	15

Low risk = 30-45 (up to 20% for contract management) score 5

Medium risk = 50-70 (up to 30% for contract management) score 10

High risk = >70 (>30% for contract management and review) score 15

\* relates to qualifying days for funding in AEB: Funding rates and formula 2019/20 guidance, clause 60: fewer than 14 days (short), 14-167 days (medium), 168 days (long)

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## Annex 2 Subcontractor Selection and Quality Management Process

