

# SFA/EFA Funded Subcontractor Fees and Policy 2015/16

**Wiltshire College  
Subcontracting  
Fees, Charges and Payments Policy**

**Scope**

This policy services to cover Wiltshire College principles and practices in relation to any government funded subcontracted provision.

**Overarching Principles**

Wiltshire College, in order to ensure it can comply with all its responsibilities as a publicly funded organisation, will use subcontractors where appropriate to optimise the impact and effectiveness of their services to the end user. The college will therefore ensure that:

- a. All subcontracted activity complies with the principles of best practice in the skills sector.
- b. All subcontracted activity will comply with the current funding guidance to which it relates.
- c. The college will at all times undertake fair and transparent procurement activities, conducting robust due diligence procedures on potential and existing subcontractors to warrant full compliance with the Common Accord at all levels whilst ensuring the highest quality of learning delivery is made available, demonstrating value for money and positive impact on learners.
- d. Any funded retained by the college for subcontracted activity will be related to the costs of the services the college provides. These services and related charges will be clearly documented in the subcontract agreement which will be signed by all parties prior to the commencement of any activity. The college will ensure that the rates 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.
- e. The policy is written in line with the Equality and Diversity Policy of Wiltshire College.

**Rationale for Sub-contracting**

The College contracts with other parties to ensure local, regional and national needs are best served. There are many reasons that Wiltshire College enter into subcontracting arrangements as and when the market conditions dictate, but typically are in one or more of the following:

- To provide immediate provision whilst growing internal direct capacity, related to specific identified needs
- To provide access to, or engagement with, a new range of customers and employer bases, related to specific identified needs.
- To support another provider to develop capacity/quality, where the college feels it is appropriate
- To provide niche delivery where the cost of developing direct delivery would be inappropriate
- To support employers with a wide geographic requirement

## **Quality Assurance**

Wiltshire College recognises subcontracted activity as a limited, yet fundamental part of the college's overall provision, and as such will be monitored and managed through the existing college QA processes and procedures.

The policy positions sub-contracted provision as an important part of the college activity to enable 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 and partnership networking events.

## **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 subcontracting fees and charges on its website when the actual end of year data is available (by end of November of following 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 one element of an Apprenticeship framework).

The college will ensure all actual and potential subcontractors have access and sight of this policy and any other relevant documents relating to any subcontracting arrangements. The documents will be made available both on the college website and the partner's portal.

## **Communication**

This policy will be reviewed and updated in line with current funding guidance and published in the college website and the partner's portal prior to the start of each academic year.

Potential sub-contractors will be directed to the policy in the first instance prior to any further negotiations.

## **Fees and Charges 2015/16**

A standard college management fee of 20% of all funding drawn down against provision will be applied as a benchmark figure. This figure has been calculated as a representative cost to the college in effectively identifying, selecting and managing sub-contracted provision.

The College will individually assess each subcontractor and their provision prior to any and each agreement with that subcontractor and an open rationale will be used to determine the level of management fee retained by the college.

This figure (20%) includes the minimum amount of QA activity that the college would attach to the lowest possible risk sub-contractor. Further charges to cover additional costs may be added to the base 20% fee to cover the cost to the college of any additional support that the college deems necessary to ensure the quality of delivery and the success rates of any sub contracted provision.

Variations to these charges are determined by identifying other factors that could have a material impact on this baseline. The college will evaluate the subcontractor's complexities of provision and include but not restricted to:

- Historical Data – Overall Timely Success Rates
- Financial Risk Rating – any provider with an higher than average credit rating will not be eligible for a contract with Wiltshire College
- Geographical Location of Teaching and Learning
- Sector Subject Area(s)
- Contract Length
- Type of Programmes
- Type of customers that are to be engaged
- Type of provision that is to be undertaken
- If it is a new subcontractor to Wiltshire College
- Any activities that the college undertake on behalf of the subcontractor, i.e. verification, certification, employer engagement etc.
- The use of college facilities or resources to support the activity

If any of the above is believed will incur additional costs to the college through the college having to put in place additional support, via increased monitoring and guidance the management fee will be recalculated and negotiated accordingly.

For example, a subcontractor deemed a higher risk will be allocated less funding (a higher management percentage of funding will be retained) but in return will receive higher levels of monitoring and support from the college.

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.

### **Payment Terms**

The college will pay subcontractors on a monthly basis in line with actual funding drawn down from the relevant funding agency and in line with the individual contract agreement and related schedules.

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