

PCA Subcontracting Fees and Charges Policy 2018/19

Introduction

This policy describes how Plymouth College of Art (PCA) applies fees and charges to subcontracted training delivery supported with funds supplied by the Education and Skills Funding Agency (ESFA), in line with AELP Best Practice Guides¹, ESFA Funding rules² and LSIS Supply Chain Management guidance³.

Overarching Principle

The College will only utilise subcontracting 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, guided by the principles in the referenced publications
- The College will always undertake fair and transparent procurement activities, conducting robust due diligence procedures on potential subcontractors to ensure compliance with the AoC/ AELP 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 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.
- 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.

Reason for subcontracting

PCA is a relatively small and specialist Higher Education institution providing both higher and further education provision. The College does not routinely seek subcontracting arrangements but has taken a strategic decision to do so for the first time in 2018 in support of a partnership set up to reignite fashion and textiles manufacturing in the city of Plymouth, and in line with overall strategic objectives of developing enterprise, employability, expertise and economic impact. These objectives therefore drive this specific subcontracting venture, and would drive any other engagement with subcontractors, to enhance the quality of the learner offer through:

¹ AoC AELP sub contracting guide 2013; AELP/CollabGroup/Holox Best Practice Guidance for a Relationship between a Prime Provider and a Subcontractor March 2018

² ESFA Apprenticeship Funding Rules for Training Providers 1 Aug 18 to 31 Jul 19: version 1 July 2018

³ AELP AoC LSIS Supply Chain Management Good Practice Guide for the post-16 skills sector 2013

- providing specialist programmes to complement the College's own provision
- meeting regional community needs 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.

PCA cannot consider low value contracts with numbers of learners such that contract value is less than £100,000; this is subject to eligibility criteria and will be kept under review.

Quality Assurance

Subcontracted activity is subject to and encompassed by the College's quality assurance processes and procedures such that there is no discernible difference in procedure for direct or subcontracted apprenticeship activity. The College will work in partnership with its subcontractor(s) 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 procedures, the College conducts observations and provides constructive feedback to tutors and managers. Progress is reviewed through performance progress review meetings and quality audits 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.

The typical percentage range of fees retained by the College to manage subcontractors and how this is calculated

A risk assessment is conducted for each potential and existing subcontractor based on thorough due diligence checks and evidence provided. The risk factor table in Annex 1 shows the performance indicators, criteria and risk levels against which subcontractors are assessed. Funding drawn down against the provision to be delivered relates to the level of contract management according to the degree of risk. This can vary from up to 20% for low risk, up to 30% for medium risk and up to 40% for high risk. 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.

The support subcontractors receive in return for the fee charged by the College

The management fee represents the total cost that the College incurs in effectively identifying, selecting, managing and monitoring all subcontracted provision. It includes the following areas of support from the College:

- Strategic review meetings to identify areas for development and good practice to inform the College Self Assessment Report
- Monthly meetings to review progress and achievement rates against national averages and targets and focus on any areas for improvement
- Monthly ILR reconciliations to ensure accuracy and timeliness of data
- Draw down of funds from the employers digital service account
- Quarterly quality audits in line with the College's QA processes including quality

- sampling of learners to track learner progress
- Travel to subcontractor and delivery premises
- Quarterly reconciliations between ILR and invoice payments
- Announced and unannounced observations with checks on student attendance and constructive feedback to improve the quality of teaching, learning and assessment
- Learner surveys to gain feedback of learner experience and prompt any action
- Employer surveys
- Due diligence checks for potential and existing subcontractors (regular updates and reviewed annually)
- Data input of learner details for enrolment and completion
- Checking for learner eligibility, funding, accuracy and timeliness in line with ESFA rules
- External audit of subcontracted provision

The reason for any differences in fees or support provided to different subcontractors

Further charges to cover additional costs may be added to the base fee 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 subcontractor 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 subcontractor such as:

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

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.

A monthly payment profile is agreed by both parties at the contracting stage and reconciled with the ILR on a quarterly basis to ensure that it accurately reflects delivery of provision. Payment terms are 30 days from receipt of subcontractor's invoice for a valid claim.

How and when the policy is communicated and discussed with current and potential subcontractors

This policy will be published on the College website, reviewed annually and updated as

required. Potential subcontractors 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 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 Leadership Team and Board of Governors for approval. The outcome is then communicated to potential subcontractors.

Where the policy is published

In compliance with Education and Skills Funding Agency and other agency funding rules that apply, the College will publish its subcontracting fees and charges policy and actual end-of-year subcontracting fees and charges on its website before the start of each academic year (and in the case of actual end of year data, within 30 days of the previous year's ILR closing as required by the ESFA). This will relate only to delivery subcontracting of elements of apprenticeships standards or frameworks.

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. For other courses, other arrangements may be made that could include transferring to other training organisations 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 change in ownership, staffing issues and funding for more than 1 year. Contingency plans for each subcontractor are developed as part of any subcontractor selection and quality management process (Annex 2) to include operational aspects to ensure that learners can complete their qualification.

Annexes:

1. Risk factor table
2. Subcontractor Selection and Quality Management Process

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 2. Up to 10% below funding target and/or up to 5% below national success rates 3. More than 10% below funding target and/or more than 5% below success rate targets or no track record	1. Low risk 2. Medium risk 3. High risk	5 10 15
Length and quality of the relationship with the College	1. 2 or more years as subcontractor – no issues 2. 2 or more years as subcontractor – some issues 3. 2 or more years but serious issues or new with no previous relationship with the College	1. Low risk 2. Medium risk 3. High risk	5 10 15
Financial stability of subcontractor	As a result of due diligence tests: 1. Fully compliant – accounts, insurance, credit rating 2. Compliant but some issues requiring further guidance 3. Compliant but requiring additional guidance and support – both in depth and timing	1. Low risk 2. Medium risk 3. High risk	5 10 15
Type of provision to be undertaken	1. Short funded programmes 2. Medium courses under classroom based provision 3. Long courses or apprenticeships	1. Low risk 2. Medium risk 3. High risk	5 10 15
Contract performance and duration	1. Fully compliant with quality assurance procedures 2. Near full compliance with some issues 3. No track record or additional support substantial to ensure compliance with more serious issues	1. Low risk 2. Medium risk 3. High risk	5 10 15

Overall Score	Risk Rating	Funding element retained for subcontract management
25-35	Low	20%

40-60	Medium	30%
65 and over	High	Over 30%

Annex 2 Subcontractor Selection and Quality Management Process

- Consider strategic need for subcontracting.
- Identify potential subcontractors
- Review previous experience
- Invite applications to given deadline
- Conduct due diligence
- Determine capability
- Complete pre-contact risk assessment
- Determine monitoring arrangements
- Agree and approve contracts and contingency plans
- Monitor performance – contract management, relationship, performance, quality
- Review risk assessment
- Contract review and evaluation, feeding in to SAR

Document Version Control	
Procedure title:	PCA Subcontracting Fees and Charges Policy 2018/19
Effective Date:	January 2019
Approving body:	SLT
Version:	1
Supersedes:	N/A
Previous review dates:	N/A
Next review date:	January 2020
Related Statutes, Ordinances, & General Regulations	Association of Colleges (AoC) / Association of Employment and Learning Providers (AELP) Common Accord ESFA Apprenticeship Funding Rules for Training Providers Strategic Plan / Quality & Enhancement Strategy
Related policies:	Health and Safety Policy Equality and Diversity Policy
Related procedures	N/A
Related information:	AELP AoC LSIS Supply Chain Management Good Practice Guide PCA Self Assessment Report
Policy owner and Lead contact:	Registrar Email: strotter@pca.ac.uk