

Subcontractor Management, Supply Chain Fees and Charges Policy

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<i>If approval is not required by SLT/Governors/Unions please give reason, ie name changes only.</i>			
<i>* If the contents of this policy have been copied from an existing policy with no changes please insert the date of the original Impact Assessment and Assessor in the table above.</i>			

Contents	Page Number
Aim	2
Objectives	2
Responsibilities	2
Introduction	2
Rationale for Subcontracting	3
Supply Chain Fees and Charges	3
Fees	3
Payments	3
Support and Development	3
Processes	4
Initial Tender	4
Due Diligence	5
Monitoring	6
Review Meetings and Visits	6
Data Reporting	7
Learner Safety and Support	7
Quality Assurance Processes	7
Audit	7
Unsatisfactory Compliance	8
Annual Due Diligence Review	8
Appendix 1 – Approval Checklist	10
Appendix 2 – Subcontractor Checklist	12

1. Aim

This policy applies to all provision subcontracting funded by the Skills Funding Agency and the Education Funding Agency. There will be a standardised approach to the management and recruitment of subcontractors, in accordance with the Skills Funding Agency (SFA) guidance and the Principles of Best Practice guided by the LSIS publication “Supply Chain Management – A good practice guide for the post-16 skills sector”

2. Objectives

- To ensure a due diligence process that will enable the Shrewsbury Colleges Group (hereafter referred to as The Corporation) as lead provider to satisfy itself that the subcontractor has been selected fairly, has capacity, capability, quality and a good financial business standing.
- To create transparency of supply chain fees and charges
- To ensure collaborative approaches to improving the quality of teaching and learning

3. Responsibilities

The Corporation Senior Leadership Team (SLT) are responsible for ensuring that the Governors and the Principal have provided approval for delivery under a subcontracting agreement, ensuring it meets the Corporation’s strategic aims and enhances the quality of the Corporation offer.

Group Vice Principal – Information and Strategic Development supported by the Contract Manager will ensure all subcontractors are subject to the due diligence process and are aware of contractual requirements throughout their delivery.

Contract Manager – will manage the contract, ensure compliance and provide support for the life of the contract.

The Group Vice Principal – Curriculum & Quality Management will manage the Quality, SAR processes and observations of teaching and learning and assessment.

4. Introduction

The Corporation recognises the importance of subcontracting in providing a mix of provision for employers and learners. In 2016/2017 the Corporation will subcontract 41% of its Adult Education Budget with 44% of the allocation in Adult Apprenticeships. The remaining 56% is in classroom delivery for the unemployed. There will be an additional allocation of 13% of the 16-18 apprenticeships budget to support the subcontractors in their offer to their employers. The Corporation will communicate this policy to all of its subcontractors annually at the annual diligence review and will review the policy in the July of every Academic year prior to publication onto the Corporation website.

5. Rationale for Subcontracting

The Corporation works with several small providers to enable them to ensure local, regional and national needs are met, while providing our subcontractors with the capability to expand and develop their provision and in turn provide employers nationally with quality and cost effective delivery. To support the Corporations Apprenticeship Strategy the Corporation will:

- work with our subcontractors to access markets and frameworks it currently does not have the skills to deliver itself, providing access to expertise and delivery models the Corporation may wish to emulate in the future
- work towards increasing its offer to widen participation, responding to emerging and market needs thus enabling it to support Government initiatives, the Skills Funding Agency Strategy, local priority needs as identified by the Marches LEP as well as meeting regional and national economic agendas
- encourage learner progression from unemployed programmes into employment supported by Adult Apprenticeships at all levels
- respond to employer demand for new provision in sectors and/or geographical areas that the Corporation does not currently offer, thereby providing larger national employers with a network of Providers that can deliver their programmes
- work with our subcontractors to enable quality, specialist, niche and in demand delivery, extending learner opportunity and providing value for money.

6. Supply Chain Fees and Charges

6.1 Fees

The Corporation has a standard minimum management fee of 20%, however, this will be allocated against a risk scoring system individually for each provider undertaken at annual due diligence checks, reviews, audits, quality, compliance and data audits. An increase to their risk rating may identify an increase of up to a maximum of 30% to compensate for additional support provided to assist their development of quality delivery. The Corporation reserves the right to notify the provider and to adjust the management fee accordingly. The Corporation will publish the actual fees for 2015/2016 when they are available.

6.2 Payments

Payments will be made against the Skills Funding Agency provider funding reports received on a monthly basis. Dates for payment will be notified at the commencement of the contract and are subject to adherence with the Corporation's requirements for enrolling onto the Individualised Learner Record as per contract schedules and guidance documentation.

Payments are dependent upon delivery targets being met and all documentation received being timely and accurate for input onto the Individualised Learner Record. Any payments

in excess to the financial schedules in the contract that have not been agreed in writing with the Corporation will not be paid. Adjustments may be made where evidence of eligibility, participation or achievement cannot be validated by the subcontractor.

6.3 Support and development

The Corporation has a responsibility to support all subcontractors to provide high quality delivery. The management fee enables the Corporation to provide this support which will be dependent on audit outcomes, changes to risk scoring or specific requested requirements but could include:

- programme set up
- quality monitoring
- quarterly reviews of retention, timely/overall achievement, Equality and Diversity, Safeguarding and Prevent
- MIS services to ensure programmes are set up correctly and data is input accurately onto Individualised Learner Record to generate funding as appropriate
- monthly financial reports
- contract review meetings
- quality assurance support
- self-assessment and quality improvement support
- teaching and learning observations
- learner voice support
- compliance guidance, monitoring and support

This list is not exhaustive as Subcontractor needs may vary. Variations between subcontractors may take into account previous experience, delivery history, timely ad overall achievement rates, risk levels and additional support requirements.

7 Processes

This section outlines the due diligence and monitoring processes to ensure good practice in supply chain management.

7.1 Initial Tender

The Corporation identifies its' needs for subcontracting at the commencement of the academic year through the Provision process. Any additional requirement may be identified throughout the year by employer requests for provision not delivered by the Corporation or its' subcontractors, or requests by new subcontractor to work with the Corporation. The Corporation's Governors delegate the management of the day to day operations to the Principal and the Group Vice Principal - Information and Strategic Development. All new requests are subject to the process:

- 7.1.1 The Corporation will source suitable providers for the provision sought through three possible routes:

Subcontractor Management, Supply Chain Fees and Charges Policy

- publish as an open tender
- send to preferred list of providers
- send to providers requesting a sub-contract

7.1.2 Prospective subcontractors will be invited to submit an application to tender for the delivery required.

7.1.3 Review of the applications to tender will be undertaken and scored by the Contract Manager and authorised by the Group Vice Principal – Information and Strategic Development within two weeks of the final deadline.

7.1.4 If successful an invitation to commence with the due diligence process will be issued to the subcontractor.

7.2 Due Diligence

A due diligence process will be undertaken with all successful subcontractors to ensure that the selection process is fair and robust.

- An initial meeting will be held at the Corporation premises with the prospective subcontractor, the Group Vice Principal – Information and Strategic Development and the Group Vice Principal – Quality and Curriculum Management to identify capacity, quality and capability. The Corporation will be able to identify if the subcontractor will complement and not compete with our delivery.
- A financial report request will be submitted to Dunn and Bradstreet or other agency to confirm financial position of the subcontractor.
- Company house records will be accessed to clarify the position of the company and directors.
- Reference requests to be sent out to a minimum of two training providers that the subcontractor is, or has, worked with.
- The UK Register of Learning Providers (UKRLP) and the list of declared subcontractors will be checked to ensure the subcontractor is registered.
- Quality assurance meeting to be held by the Contract Manager with the subcontractor at their premises to discuss the Corporation and Skills Funding Agency compliance requirements prior to commencement of delivery and identify the location of the ESF Poster. At this visit:
 - provider policies will be reviewed by the Corporation to ensure the quality of their delivery and their commitment to learner Health & Safety, Equality and Diversity, Prevent and Safeguarding, Matrix. The Corporations commitment to Safeguarding, Prevent and Equality and Diversity will be issued to all of our subcontractors to enable them to issue them to learners at their induction.

Subcontractor Management, Supply Chain Fees and Charges Policy

- evidence that their staff have received training on Equality & Diversity, Safeguarding and Prevent.
- the Subcontractor Policy, Corporation guidance documentation and paperwork will be communicated to the subcontractor and discussed prior to the issue of a contract.
- On completion of all due diligence checks, an Initial Subcontracting Checklist will be completed to identify if the subcontractor was successful.
- The Subcontracting Checklist will be approved by the Group Vice Principal – Information and Strategic Development prior to submission to the Principal and the Governors for final approval.
- On approval from the Principal and Governors, a contract will be raised that identifies the period of the contract, services to be provided, financial agreements and contractual requirements. The period of the contract will be no longer than one academic year.
- Any amendments to the Subcontractor Self-declaration form will be reported to the Skills Funding Agency as well as the contractual requirement to update the Agency at their request.
- All potential subcontractors must provide evidence that they are working towards or have gained the Matrix standard.
- All potential subcontractors must provide confirmation of the DBS numbers of all staff working on the Corporation programmes.

The due diligence process will be reviewed on an annual basis with subcontractors and will be undertaken prior to commencing delivery on any new contract.

7.3 Monitoring

A schedule of reviews and audits will be developed for the length of the contract, which will also encompass learner feedback via telephone. This will ensure the learner has received quality delivery and support from the subcontractor.

7.3.1 Review Meetings and Visits

Schedule of review meetings and audits to be completed:

- Contract reviews will be undertaken on a quarterly basis with subcontractors who have a medium risk rating. High risk subcontractors could have monthly review meetings and low risk could have six monthly.
- Un-announced visits or observations may be made to the subcontractors by the Corporation throughout the term of the contract.

Review meetings will include:

- Progress of delivery and learner progress and targets against profiles.
- A review of Organisational, Quality Policies and External Quality Assurance reports.

Subcontractor Management, Supply Chain Fees and Charges Policy

- A selection of learner files will be sampled for compliance with the Skills Funding Agency rules.
- Any issues with Safeguarding, Equality and Diversity, Prevent and Health and Safety.
- Data checks against learners on the Individualised Learner Record.

7.3.2 Data Reporting

Monitoring process of data will ensure:

- Accurate Individualised Learner Record returns.
- Monitoring of targets against profiles.

8 Learner safety and support

All providers will be expected to share the Corporation's commitment to Safeguarding, Prevent and Equality & Diversity. The documents below will be provided to subcontractor to disseminate to learners at their induction. This will include:

- Corporation Equality and Diversity Statement
- Corporation Safeguarding team poster
- Corporation Prevent Poster

These will be monitored at quarterly review meetings with the subcontractors.

9 Quality Assurance Processes

- unannounced telephone calls made to 20% learners to ensure eligibility, existence and quality delivery
- observations of initial guidance, induction, assessment, reviews and the delivery of learning programmes inclusive of face to face learner interviews
- quality audit to be completed by the Quality Team at the Corporation
- sharing of good practice

10 Audit

Audits will be undertaken with the subcontractor, throughout the life of the contract. These will be completed both at the subcontractor's premises and at the Corporation premises. Risk ratings on their paperwork completion will determine the quantity of the learner files audited, for example; low risk – 20%-40%, medium risk - 40%-75% and high risk – 75%-100%.

- an audit of paperwork will be completed at a percentage rate decided by the risk rating of the subcontractor at the subcontractors' premises to support compliance with the Skills Funding Agency and quality of provision delivered.

- an audit of paperwork held by the Corporation at a percentage rate decided by the risk rating of the subcontractor to support compliance with the Skills Funding Agency and quality of provision delivered
- a data audit will be completed to ensure accuracy of the Individualised Learner Record

Action plans with allocated risk bandings will be completed to report findings to the subcontractor. There is an expectation that these are actioned within one month unless otherwise agreed.

11 Unsatisfactory Compliance or Quality

An unsatisfactory audit in either quality or Compliance may result in additional procedures being put in place for both the subcontractor and the Corporation, or termination of the contract. Non-compliant providers will undergo intensive monitoring until satisfactory progress is made.

This could include the following:

- a high risk banding with review meetings held monthly until the Corporation is satisfied that the subcontractor is no longer high risk
- completion of a development plan for the subcontractor to address issues arising in their quality and compliance
- suspension of recruitment until the subcontractor has taken actions to meet compliance
- implementation of a programme of support for the subcontractor to aid with the delivery of the development plan
- withdrawal of contract and recovery of funding.

12 Annual Due Diligence Review

An annual due diligence review will be undertaken with the subcontractor prior to the renewal of a contract. This will be undertaken during the summer term before the commencement of the Academic year.

- Renewal form to be completed by the provider and submitted to the Contract Manager for review
- Submission of Self-declaration of Subcontractor form to the Skills Funding Agency.
- A financial report request will be submitted to Dunn and Bradstreet or other agency to confirm the financial position of the subcontractor.
- Company house records will be accessed to clarify the position of the company and directors.
- The UK Register of Learning Providers (UKRLP) and the list of declared subcontractors will be checked to ensure the subcontractor is registered.

Subcontractor Management, Supply Chain Fees and Charges Policy

- Quality assurance meeting/review will be held by the Contract Manager with the subcontractor to discuss the Corporation and Skills Funding Agency compliance requirements prior to commencement of delivery and identify the location of the ESF Poster. At this visit/review:
 - Provider policies will be reviewed by the Corporation to ensure the quality of their delivery and their commitment to learner Health & Safety, Equality and Diversity, Prevent and Safeguarding, Matrix. The Corporations commitment to Safeguarding, Prevent and Equality and Diversity must be issued to all of our learners at their induction to the programmes delivered by our subcontractors.
 - Evidence will be checked to identify that their staff have received training on Equality & Diversity, Prevent and Safeguarding.
 - The Subcontractor Policy, Corporation guidance documentation and paperwork will be communicated to the subcontractor and discussed prior to the issue of a contract.
- The Subcontracting Checklist will be approved by the Group Vice Principal – Information and Strategic Development prior to submission to the Principal and the Governors for final approval.
- On approval from the Principal and Governors, a contract will be raised that identifies the period of the contract, services to be provided, financial agreements and contractual requirements. The period of the contract will be no longer than one academic year and will include rollover learners and new starts.
- Any amendments to the Subcontractor Self-declaration form will be reported to the Skills Funding Agency as well as the contractual requirement to update the Agency in at their request.
- All subcontractors must provide evidence that they are working towards or have gained the Matrix standard.
- All subcontractors must provide confirmation of the DBS numbers of all staff working on the Corporation programmes.

Appendix 1- Approval Checklist

Subcontractor _____

Please score as appropriate: 1 Unsuitable 2 Suitable 3 Very Suitable

No	Question	Answer	Score
1	Does the delivery compete with or complement Corporation delivery?		
2	What additional support & development does the Provider need?		
3	Is the Provider financially sound?		
4	Are the Provider and Directors active on Company House?		
5	Does the Provider offer high quality delivery?		
6	Is the Provider management structure clear and supportive?		
7	Are the Provider's references satisfactory?		
8	Has the Provider delivered SFA fundable training over the last 3 years?		
9	Are the Providers timely/Overall achievement rates over the last 3 years satisfactory?		
10	What is the Providers risk scoring? (Low, Medium, High)		
11	Are the Providers training facilities suitable?		
12	What are the geographical areas for delivery?		
13	What are the types of provision to be undertaken?		
14	Has the Provider got Matrix Accreditation?		

POLICY AND PROCEDURE

**Subcontractor Management, Supply Chain Fees and
Charges Policy**

Notes

Signed: _____ **Dated:** _____

Submitted for Approval: _____ **Date:** _____

Approved by: _____ **Position:** _____ **Date:** _____

1. Appendix 2 - Subcontractor Checklist

Sub-contractor: _____

Initial Tender Process

Description	Date Requested	Date Received	Comments
Providers sought			
Applications for tender			
Tenders reviewed			
Invitation to Due Diligence			

Signed: _____ **Dated:** _____

Due Diligence Process

Description	Date Actioned	Date Reviewed	Comments
Due Diligence form reviewed			
Financial Report/Company house			
Reference Requests			
Register of Training Organisations			
Initial Meeting with Group Vice Principals - Information and Strategic Development and Quality and Curriculum Management			
Approved by Group Vice Principal – Information and Strategic Development			
Approved by Principal			
Approved by Governors			
Quality Meeting			
Contract Issued			
Self-Declaration submitted to SFA			
Amendments to Self-Declaration submitted to SFA			

Signed: _____ **Dated:** _____

Monitoring Process Visits

Description	Date Scheduled	Date Undertaken	Comments
1 Review Meeting			
2 Review Meeting			
3 Review Meeting			
4 Review Meeting			
Induction/Initial Assessment Observation			
Review Observation			
Delivery Observation			
Data Audit – 20%			
Quality Audit – 20%			
Compliance Audit – 20%			
Action plan/risk banding identifying outcome of Audit			

Signed: _____ **Dated:** _____

Subcontractor Management, Supply Chain Fees and Charges Policy

Unsatisfactory Compliance Process

Description	Date Undertaken	Comments
Development plan issued to subcontractor		
Review meeting held to discuss programme of support		
Recruitment disallowed		
Development plan monitored		
Withdrawal of Contract/Funding		
Development plan actioned		
Recruitment re-instated		

Due Diligence Annual Review

Description	Date Actioned	Date Reviewed	Comments
Due Diligence form reviewed			
Financial Report confirmation			
Company House registration confirmation			
Register of Training Organisations confirmation			
Checklist Approved by Group Vice Principal – Information and Strategic Development			
Approved by Principal			
Approved by Governors			
Quality Meeting/review			
Contract Issued			
Self-Declaration submitted to SFA			
Amendments to Self-Declaration submitted to SFA			

Date for Review of Due Diligence: _____