



Sub-contracting Supply Chain Fees and Charges Policy

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Sub-contracting Supply Chain Fees and Charges Policy

1) Introduction

Leeds College of Building's mission is "Inspiring lives and building futures"; both this and the Vision, supported by the strategic aims, focus on providing high quality provision and meeting learner and industry demand. The College is required by the Education & Skills Funding Agency (ESFA) to publish its Supply Chain Fees and Charges associated with subcontracting provision. A sub-contract is one of several forms of agreement(s) issued by Leeds College of Building, which has external funding from, for example, the Education & Skills Funding Agency. The sub-contractor (provider) is paid an agreed proportion of the ESFA funding available. The College upholds the principles of the Common Accord (see Appendix 1) on sub-contracting for the post-16 Learning & Skills Sector.

2) Rationale to support Sub-contracting Activity.

It is the College's aim to select the best suppliers to sub-contract with and to form long-standing and productive relationships to support the College's strategic aims.

Leeds College of Building recognises the benefits that effective subcontracting can bring to extending the accessibility of provision for learners and thereby contribute to the economic prosperity of our local communities.

The College also recognises that effective use of subcontractors as appropriate to fill gaps in, and to extend the breadth of its provision is beneficial to the construction sector, employers and learners for example, through widening the range of apprenticeship provision offered to employers and learners and broadening the range specialist skills which can be covered.

The Executive Team, supported by the Board, approve and manage sub-contractors (operationalised and monitored by the Subcontractor Manager and Apprenticeship Contracts Manager), who are of high quality and low risk, thereby ensuring they meet the College strategic aims and enhance the quality of the learner / employer offer. Governors are kept fully informed of overall sub-contracting arrangements.

A rationale for working with planned subcontracting partners is available on the College website.

3) Contract Management Fees

Leeds College of Building is committed to the principle that rates for sub-contracted activity are commercially viable and are negotiated and agreed in a fair and transparent manner, ensuring most of the funding is placed with the delivery provider. The fees charged (ranging from 15% to 20%, dependent on support required) reflect the cost of the procurement process, the support for partners' delivery and quality assurance of the contracted activity. In such instances where, for example, elements of the framework or new standard delivery / assessment are split across various providers, or an End Point Assessment is required, a fixed rate for the delivery is agreed and contracted.

Sub-contractors working with Leeds College of Building receive a high level of support and guidance, including access to the following College systems: The below table represents some of the specific costs and activities related to the management fee.

Pre-contract processes: 2.5%

Activity – The following activities are included in the standard contract management and covered by the retained funding element.	Number/frequency included in the standard retained funding element.
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Annual due diligence	One per year
Issuing standard sub-contract Agreement	One per year
Contract legal fees	As and when appropriate

Contract and MIS processes: 2.5%

Activity – The following activities are included in the standard contract management and covered by the retained funding element.	Number/frequency included in the standard retained funding element.
Initial meeting for new providers	One per year
Contract compliance and performance management meeting	Four per year (as a minimum)
Entering learner data and amendments onto the ILR and checking eligibility	Throughout the year
Entering attendance data and reconciling with the ILR	Throughout the year
Calculating fees due and processing payments	Throughout the year
External audit of sub-contracting controls	One per year
Learner sign-up/IAG	One per learner programme

Quality Assurance processes: 10-15%

Activity – The following activities are included in the standard contract management and covered by the retained funding element.	Number/frequency included in the standard retained funding element.
Quality Improvement/best practice sessions	As and when appropriate
Quality assurance visits (remote and/or physical)	Two per year (as a minimum)
Employer engagement and relationship building	Throughout the year
Collation of learner voice	One per year (minimum)
Audit of MIS data including enrolment forms and attendance records	Throughout the year
Review of learner documents including tracking records, reviews and ILPs	Throughout the year
Contact with the sub-contractor regularly to support and monitor performance	Throughout the year
Annual review of the sub-contractor provision - self-assessment process and Quality Improvement Plan	One per year

Leeds College of Building has arrived at this percentage split by considering all the costs of the above staffing resources / processes and dividing this across all sub-contracting partners (linked to Section 3 above).

Not all sub-contractors are charged the same fee. Differences in fees (between 15% to 20%) are dependent upon the level of support required, the experience of the subcontractor, their target learners, their track record, published pass and achievement rates and the level of risk. This is determined by the due diligence process and Leeds College of Building's quality assurance monitoring outcomes.

This Policy will be communicated at the initial set up meeting (or at the latest prior to any start of learners on programme) with any potential sub-contractor, including where it is published (College Website) and the percentage fee agreed (and / or fixed rate where more than one sub-contractor may be involved).

4) Payment Arrangements

Payments will only be made to the sub-contractor once the College has received the funding from the Education & Skills Funding Agency and detailed in individual sub-contractor agreements.

All start payments are subject to a minimum stay of 6 weeks. No payments will be made until after the minimum stay period has been completed. Leeds College of Building will collect, where appropriate, any employer contributions.

The College will calculate the amount payable to the sub-contractor each month (except where fixed rates are agreed) as follows:

Following validation of the evidence in the ILR return, the College will make the appropriate payment to the sub-contractor based on the level of income received from the ESFA in that month multiplied by the percentage agreed (and / or agreed rate specified in the contract). The sub-contractor will be notified of the payment and will invoice the College for that amount. The College will normally pay the sub-contractor within 30 days of receipt of the invoice. Any anomalies that arise following payment will be subject to reconciliation at a later invoice date. Full details are appended to each agreement.

5) Selection of Sub-contracting Providers

Providers, based on learner / employer demand will be selected through one of these possible routes:

- A: Open (to all providers)
- B: Selective (open only to preferred providers; may be subject to EU regulations)
- C: Approach (response to providers who have approached / requested sub-contract; may be subject to EU regulations).
- D: Where provision is transferred to the College from another managing agency, the College will consider continuation with sub-contractors, provided high quality education and training is being delivered, and due diligence thresholds are met.
- E: Where employer indicates preference of provider in their local area and provided LCB quality thresholds are met.

For Apprenticeship provision, which is subcontracted, the College must directly deliver some of the apprenticeship training and/or on programme assessment associated with each employer's apprenticeship programme. The volume of training and/or on-programme assessment that the College will deliver for each employer will have some substance and will not be a token amount.

The College may use delivery subcontractors to complement its own delivery, if requested by an employer and agreed at the start of an apprenticeship. Within an employer's apprenticeship programme, delivery subcontractors will deliver either substantial or part apprenticeship training for frameworks and standards. The scale and make-up of an employer's programme may vary from month to month or from year to year.

When an employer's apprenticeship programme includes subcontracted delivery, the College will draw up a Training Services Agreement, specifically to set out which parts of the programme will be delivered by the College and which parts by the delivery subcontractor.

6) Due Diligence of Sub-contracted Providers

Before any agreement or learning takes place, the College will ensure that full due diligence takes place of the provider. Providers must successfully complete the contents of requested Pre-qualification questionnaire and due diligence document. Sub-contractors delivering Apprenticeship provision need to be on the ESFA's Register of Apprenticeship Providers (RoATP). Where supporting providers are working with LCB for subcontracting, the College will monitor the overall Apprenticeship funding amount for the provider. This must not exceed £500,000 in total across all partners.

Leeds College of Building's Senior Management team will make the final decision on whether the due diligence is correct / satisfactory and meets College standards. The Executive Team will approve sub-contracting providers and Governors approve budgets including sub-contracted figures. Governors will be kept fully informed of overall sub-contracting arrangements that the College is working with and levels of activity.

7) Monitoring

Throughout the year monitoring of the sub-contractor delivery will take place in several ways:


- a) The Subcontractor Manager responsible for sub-contracted provision will carry out quality assurance visits in line with a planned annual schedule and / or College representatives.
- b) Desk top information audit / analysis by the Project Manager / DIS Manager
- c) Completed paperwork for the ILR checked by the Apprenticeship Contracts Manager / DIS Manager as appropriate
- d) The Apprenticeship Contracts Manager, where Apprenticeship provision is subcontracted, will have full responsibility to ensure documentary compliance to funding guidance / rules.
- e) Requested quality assurance documentation from sub-contractor.
- f) Communications with learners via observation visits / telephone as appropriate
- g) Regular communications via email / telephone with sub-contractors.

8) Policy Review

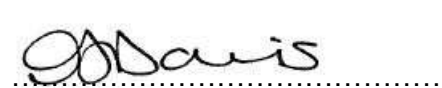
The Policy will be reviewed annually.

Approved by:

Chair of Board



Principal & CEO



Date: August 2022

Date: August 2022

A COMMON ACCORD IN THE WORKING OF SUPPLY CHAINS IN THE POST-16 LEARNING AND SKILLS SECTOR

The scope of the Common Accord is supply chain activity using funds supplied by the Education & Skills Funding Agency or any successor organisations.

**Signatories to this document commit to the following
“Overarching Principle”:**

Supply chains seek to optimise the impact and effectiveness of service delivery to the end user.

This organisation commits itself to the clauses and principles of the Common Accord

Name: Nikki Davis

Signature:



Position: Principal & CEO

Organisation: Leeds College of Building

Date: August 2022

Clauses and principles of the Common Accord

- i. The scope of the Common Accord is supply chain activity using funds supplied by the Education & Skills Funding Agency or any successor organisations.
- ii. Signatories to the Common Accord commit to the “Overarching Principle” that: **“Supply chains seek to optimise the impact and effectiveness of service delivery to the end user.”**
- iii. In line with the overarching principle, signatories will abide by the following:
 - a. **Supply chain management activities should align with the principles of best practice in the skills sector.** *Signatories to the Common Accord agree to be guided by the principles given in the LSIS publication “Supply Chain Management – a good practice guide for the post-16 skills sector”*
 - b. **Prime/lead providers in supply chains 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.** *Signatories agree the importance of ensuring that procurement activities are conducted in a fair and transparent manner to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learner lives.*
 - c. **Funding for learning that is retained by the lead provider must 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.** *Signatories commit that the rates of such retained funding should be commercially viable for both sides, should be negotiated and agreed in a fair and transparent manner, and should relate to the actual services being provided.*
 - d. **Where disputes between supply chain partners cannot be resolved through mutually agreed internal resolution procedures, signatories commit to submission of the dispute to independent outside arbitration or mediation and to abide by its findings.** *Signatories 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.*
- iv. Signatories to the Common Accord understand and accept that their commitment and adherence to it may be used as criteria or standards by other sector stakeholders, including (but not limited to) funding, representative and professional bodies.