


Subcontracting Fees and Charges Policy 2021/22

Lead Officer Signature: 	Date: 16/12/2020
Revision: Rev 01	Policy Review Date: January 2022

Section	Section title	Page No
1	Purpose	3
2	Scope	3
3	Definition of subcontracting	3
4	Reasons for subcontracting	4
5	Quality assurance of subcontracted provision	4
6	Subcontracting fees & charges	5
7	Additional Charges	5
8	Support provided to sub-contractors	6
9	Payment arrangements	7
10	Contingency	7
11	Policy communication	8
12	Policy review period	8

1. Purpose

The purpose of this policy is to set out the subcontracting strategy of Northumberland County Council Learning & Skills Service and the applicable supply chain fees and charges. The policy aims to ensure transparency and accountability of subcontracting responsibilities and retained fees.

This policy will be supplied to potential subcontractors at tender phase.

2. Scope

This policy applies to all supply chain activity directly or indirectly funded by the Education & Skills Funding Agency (ESFA), or any successor organisation.

Northumberland County Council recognises that it holds full accountability for the delivery of subcontracted activity and that this accountability cannot be assigned to subcontractors.

It is the responsibility of Northumberland County Council and its subcontractors to refer to the rules and guidance of the Education and Skills Funding Agency and any future updates in the rules and guidance related to the delivery of the contract.

Roles and responsibilities of Northumberland County Council and its subcontractors are clearly defined from the outset.

All subcontractors are required to agree and sign a contract for the provision of education or training services with Northumberland County Council.

3. Definition of subcontracting

The Education and Skills Funding Agency (ESFA) defines a delivery subcontractor as a separate legal entity that has an agreement with the provider to deliver any element of the education and training that is funded via the ESFA.

The ESFA define a separate legal entity as including companies in a group, other associated companies and sole traders. It also includes individuals who are self-employed or supplied by an employment agency, unless those individuals are working under the direction and control of the provider, in the same way as its own employees.

This encompasses subcontractors listed on the Education and Skills Funding Agency (ESFA) 'Declaration of Subcontractors'.

4. Reasons for subcontracting

Northumberland County Council subcontracts provision in line with the ESFA's Funding Rules 2020/21.

The Learning & Skills Service is committed to growing and diversifying the range of apprenticeships it delivers to widen participation, target and support the most vulnerable, engage in new and emerging markets and meet regional and local economic developments.

To maximise the opportunities made available to its learners the Service engages with selected subcontractors to help broaden its provision offer. Additionally, subcontracting arrangements will be established to:

- Address capacity issues.
- Deliver provision required for specific initiatives or projects that the Learning & Skills Service is unable to provide directly.
- Respond to specific identified need.
- Engage with individuals and/or groups who are excluded from education and training.
- To meet the requirements of a successful tender for co-funded apprenticeship provision.

5. Quality Assurance of subcontracted provision

- Northumberland County Council Learning & Skills Service is fully committed to the continuous improvement of all its direct teaching and learning practices and extends this commitment to all subcontractors who deliver on its behalf.
- Subcontracted providers are contractually required to meet NLSS's quality assurance standards.
- NLSS will promote continuous improvement through monitoring, support and challenge as appropriate. This will include:
 - Regular contract monitoring meetings to include checks on all aspects of quality assurance and progress.
 - All delivery partners practices who deliver the provision scheduled for observations of their teaching and learning (OTLA).
 - 'Drop in' visits to subcontractor delivery premises to check on delivery and speak to learners, teacher/trainers and managers.
 - An invitation to all subcontractors for their staff to attend NLSS quality assurance training events.
 - Carrying out regular quality audits on learning plans, assessment schedules and portfolio of evidence.
 - Monitoring provider performance against agreed targets for participation, retention, achievement and progression.
 - Reviewing content and completion of provider Self-Assessment Reports (SAR) that feed into the NLSS SAR.
 - Producing and monitoring a Business Improvement Plan that encompasses sub-contracted delivery. Ensuring that actions contained within the Business Improvement Plan are implemented.
 - Ensure that the learner & employer voice is captured and contributes to quality improvement by analysing data from learner evaluation forms submitted by sub-contracted providers.

6. Sub-contracting fees & charges

In compliance with the Education & Skills Funding Agency Northumberland County Council Learning & Skills Service will publish its fees and charges policy and end-of-year sub-contracting fees and charges on its website before the start of each financial year and end of year data as required by ESFA within 30 days of the contract year ILR closing.

Where NLSS subcontracts provision which is formula funded the fee retained is calculated as a percentage of the total contract value agreed with the subcontractor. This percentage is typically between 15% and 25% of the income received from the ESFA and is dependent on the level of additional support required by the subcontractor over and above the management, administration and quality obligations of NLSS.

For experienced, long-term subcontractors who do not require any additional support over and above minimum management, administration and quality obligations the fee retained is 15%.

A due diligence exercise is completed for each Subcontractor which includes checks on financial, capacity, capability and quality prior to any contracts being issued. Services and costs will be determined following risk assessment of the subcontractor.

The management fee will be stated in contractual agreements drawn up with individual partners.

The fees charged reflect the cost of the commissioning and procurement process, capacity development, quality support and administration and management of subcontracts.

Fees will be reviewed on an annual basis.

7. Additional Charges

Further charges to cover additional costs may be added to the charge to cover the cost to NLSS of any additional support deemed necessary to ensure the quality of teaching, learning and assessment and the achievement rates of subcontracted provision where these support measures are deemed in addition to the reasonable support required for delivery of the contract.

The precise additional support given to each sub-contractor is established on a risk-based approach and may include:

- Additional site visits (£50 per hour)
- Additional lesson observation (£50 per hour)
- Additional tutor support (£30 per hour)
- More rigorous verification (£30 per hour)
- Additional charges per learner (subject to additional support required).

Where the delivery partner has failed to deliver the service contracted and in order for NLSS to maintain the Service for learners it may at its discretion retain/recover reasonable costs incurred. In addition, and

in consultation with the delivery partner agreements may be reached to retain funding for the purposes of delivery an activity or service on behalf of the delivery partner in order to secure best value, achieve bulk

purchasing benefits or access services required that are not available to the delivery partner during the contracted period. This could include but is not limited to:

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

8. Support provided to sub-contractors

All subcontractors will be supported throughout the duration of the contract. A Contract Manager will be appointed to each subcontractor and they will be the main point of contact. Good two-way communication will be promoted at all times and the Contract Manager will arrange visits outside of the scheduled arrangements to address any issues which may arise.

The mix, balance and level of support for each subcontractor will vary depending on the specific needs of the subcontractor including but not limited to:

- Carrying out due diligence process relating to sub-contractors prior to signing contract.
- Carrying out all internal audits relating to document control.
- Leading on all internal audits relating to each and every sub- contracted organisation.
- Drawing up and agree all contracts and amendments.
- Providing funding calculations relating to each provider.
- Evaluating course reviews.
- Evaluating learner and employer feedback.
- Providing assistance to sub-contracted providers in completing their SAR that feeds into the NLSS SAR.
- Developing practice in conjunction with funding regulations
- Undertaking short notice and unannounced observations of teaching, learning and assessment on all tutors delivering on sub-contracts
- Offering CPD Opportunities and planned training and development
- Contract and performance monitoring
- Financial management
- Developing and reviewing quality management systems
- Management information services and data control advice.
- Inputting data and submitting monthly ILR claims
- Audit of management systems and delivery
- Support with ESFA funding rules / regulations interpretation and compliance
- Equality and diversity support
- Prevent support.
- Celebrating learner achievement
- Evaluating learner and employer feedback.
- Providing assistance to sub-contracted providers in completing their SAR that feeds into the NLSS SAR.

9. Payment Arrangements

Northumberland County Council Learning & Skills Service agrees contracts and details of payment schedules prior to the delivery of provision by sub-contractors. Sub-contracted provider payments are relative to the delivery of specific outcomes within a pre-agreed timeframe. Providers must show evidence of their delivery by submitting on time the required data and documentation outlined in their payment schedules.

The sub-contracted provider will complete the new start paperwork within 15 days of programme start. NLSS will record the new start on to the Individualised Learner Record. After the monthly data submission NLSS will provide a Provider Funding Monitoring Report and Occupancy Report to subcontracted provider for their checking and validation. NLSS will also provide a Funding Summary for Payment. These will show total values earned and payments against profile.

The subcontracted provider will raise an invoice to NCC for payment, based on the balance due for payment. NCC will use all reasonable endeavours to pay the invoice within 30 working days.

10. Contingency

All learners who are provided with education and training under an agreement between the Learning & Skills Service and a subcontracting organisation remain the responsibility of the Service.

The Service will follow robust pre-contracting processes and procedures to ensure the quality and stability of potential subcontracting organisations.

The Service mitigates risks by:

- Commissioning local providers
- Commissioning provision for local needs
- Setting funding maximums for sub-contracted provision

In the event of the following the Learning & Skills Service will be responsible for making alternative arrangements for the delivery of education and training:

:

- NLSS needs to withdraw or terminate a subcontract arrangement, or
- A subcontractor withdraws from the arrangement, or
- A subcontractor goes into liquidation or administration

NLSS will explore a range of options, to organise the continuation of education and training including:

- Taking on the provision from the sub-contractor for the remainder of the contract period where resources and capacity permits
- Using other existing subcontractors where provision matches
- Using other local approved providers (with minimum Grade 2 Ofsted)

Continuity of learning and minimum disruption to learners is of paramount importance, we will try our best endeavours to re-locate current learners in comparable local provision, in order to ensure that the learners are not disadvantaged, are safeguarded and receive good value for money.

11. Policy Communication

The NLSS Fees & Charges Policy is available on-line at: www.northumberland.gov.uk

12. Policy review period

Review frequency: Annually

Last review date: January 2021

Next review date: January 2022

Lead officer: Neil Dorward, Senior Manager – Education Development & Collaborative Projects