

Kensington and Chelsea College (KCC) Subcontractor and Supply-chain Fees and Charges Policy 2017/18

Introduction

The purpose of this document is to define the basis on which any subcontracting arrangements will be managed. Where appropriate, KCC will contract with other parties to deliver programmes and activities funded by the government through its funding bodies. The organisation with which it contracts will be subject to the requirements set out below.

The management of subcontractors will be based upon the application of the risk principle. All subcontractors will be risk assessed in relation to the Colleges Quality Standards set in the quality framework. Information about the performance standards can be obtained from the KCC Acting Head of Quality. All subcontractors will have a risk rating. This rating will determine the frequency and scope of the quality audits undertaken by KCC staff.

Reasoning for offering partnering opportunities

KCC focuses the majority of its recurrent funding on meeting the needs of residents, employers and communities in The Greater London area. For certain provisions this natural geographic span increases to include the South East, South West and Coast to Capital Local Enterprise Partnerships (LEPs). This is supported, on the whole, by the College's internal delivery.

Like many other providers KCC will look to subcontract some elements of ESFA funded provision and our rationale for doing this is stated in the Subcontracting Vision and Plan document 2017-18.

Supply-Chain Fees and Charges for 2017/18

The typical percentage range of fees retained by KCC to manage subcontractors will be between 25 -20%. This has been calculated to include the costs of managing and administering the subcontracting arrangements, the electronic and paper systems used within the relationship and the additional value offered to partners in terms of CPD and support to ensure compliance and improve and enhance the quality of teaching and learning.

There may be some slight differences in fees charged for or the support provided to different subcontractors. These are for a variety of reasons but could include the use of College premises for delivery, specific delivery by College staff on elements of partner's programmes and additional support measure put in place to manage underperformance by partners.

In return for the fees charged KCC provides the following services and support:

- Access to the whole College CPD programme that includes opportunities for subcontractors staff to develop new course materials, improve teaching and learning practice and refresh knowledge of safeguarding, EDI, funding rules and audit compliance (including completing College paperwork and utilising College on-line systems to track learners progress, attendance and progression);

- Training for the observation of Teaching, Learning and Assessment to enable partners staff to undertake graded observations following KCC policies and procedures;
- Help to complete a Self-Assessment Review (SAR) that feeds into the wider college SAR and identifies areas of effective practice and areas of improvement for which partners are able to tap into support from KCC staff in Teaching and Quality;
- Access to a range of electronic tools to monitor learners progress, attendance and progression;
- Access to the College's planning and monitoring software to enable partners to effectively plan and monitor the provision that they deliver including the tracking of performance against profiles and funding earned to date;
- Administrative support to ensure all paperwork is audit and ILR compliant and safely stored and uploaded onto SFA/EFA systems;
- Access to the College's Quality and CPD services that provide mandatory 1:1 support and training for teaching and delivery staff that are graded 3 or 4 with targeted action plans to improve their practice;
- Access to College staff to deliver specific or specialised provision and use of College premises for open events, hot-desking and course delivery

Payment

The standard payment terms are monthly in arrears based on actual delivery recorded on the College ILR. Full details of payments are included within Section 12 of the contract between KCC and subcontractors. These are summarised below:

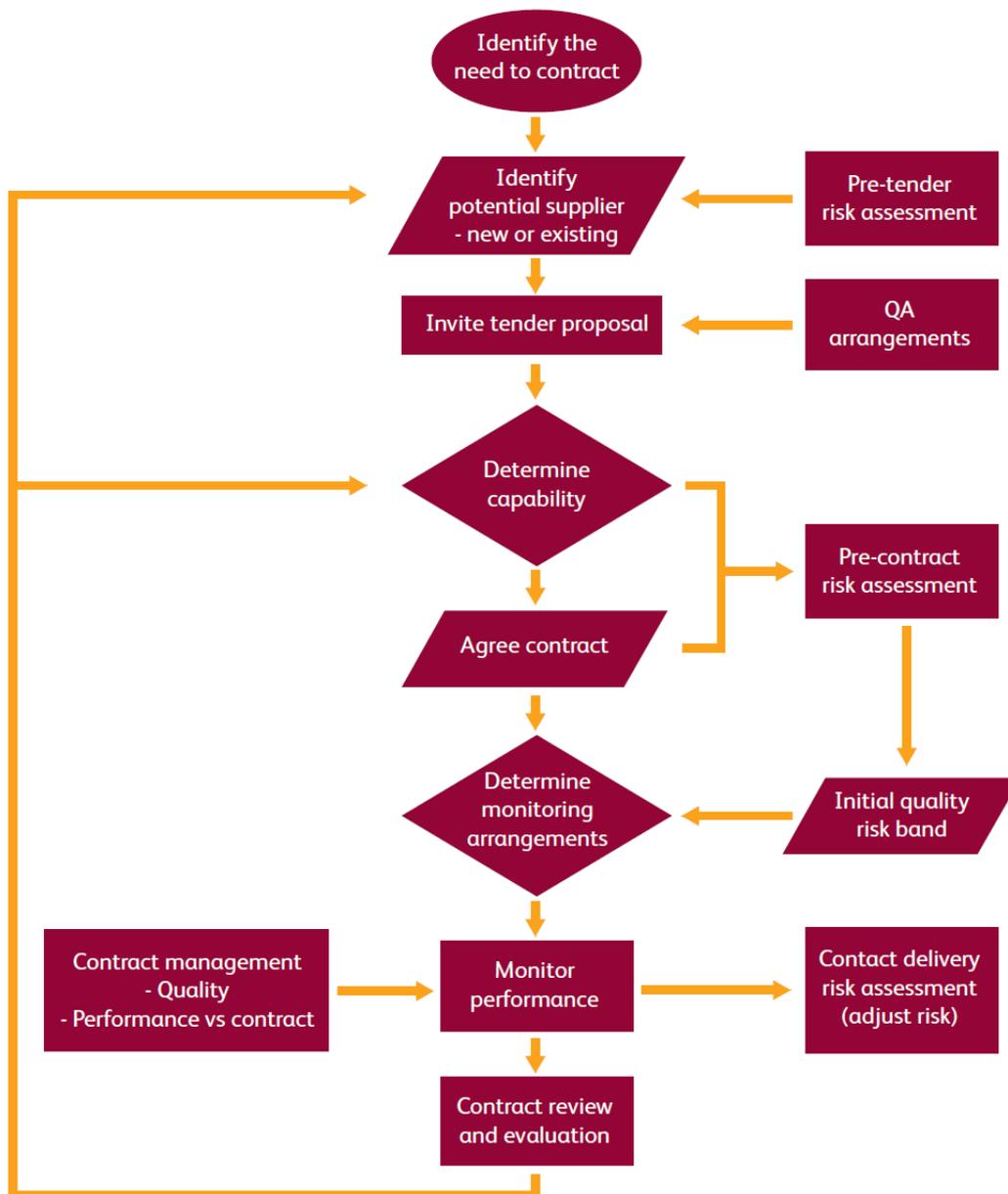
- The College will make the payments to the Partner calculated and payable in accordance with Schedule 2 of the Contract.
- Payments will be made within 30 days to ensure compliance with the ESFA mandatory requirements as set out in the Procurement Policy note (Action Note 07/10 25th March 2010, Office of Government Commerce).
- If there are errors in audit of a sample of the evidence provided by the Partner to support the payments the College reserves the right to recover from the Partner an amount based on the error rate identified and the total value of this Agreement.
- Such amounts may be recovered by making deductions from future payments due to the Partner under this Agreement.
- If the funding money is withdrawn from the College by the ESFA retrospectively the College reserves the right to withdraw funding from the Partner.

This policy has been shared with all current partners and is available to download alongside the documentation potential partners complete on the www.kcc.ac.uk website.

This policy is reviewed on an annual basis and agreed by the Corporation each year to allow for any alterations in ESFA funding rules to be included.

Subcontracting Process Overview

To ensure clarity from the outset the College has ensured that it has robust systems in place that are consistent and highlights roles and responsibilities; this will remove any risk of confusion and uncertainty from the outset and is shown in the diagram below:



Identification of need to sub-contract

The College has two main identification points:

- Following the college's annual business development cycle between Dec-Feb of each year KCC is able to review the provision and partner mix to identify any potential spare capacity or areas of growth. Existing supply chain partners are made aware of the volumes available and are asked to submit a business case (see sections below.)
- Additional business development or contract opportunities are generated by KCC and specialist or geographically specific partners are required to service some of these needs. Existing partners are approached or announcements made via the website for partners.

Due Diligence

- All potential and current Subcontractors will supply KCC with all relevant information requested within the KCC due diligence form documentation to protect learners and to

ensure the subcontractor is a legally, financially and educationally sound organisation, prior to a contract being signed. Examples of documentation requirements include:

- Statutory accounts and company credit checks
 - EV/Inspection Reports
 - Evidence of Awarding Body status, including sanctions
 - CVs for delivery staff (including DBS numbers)
 - An overview of the other subcontract values and prime contractors each partner contracts or is planning to contract with, by funding stream
 - Declarations of business standing of the Directors and any conflicts of interest with KCC staff or Corporation members
- Subsequently subcontractors should notify KCC of any changes in circumstances or personnel related to the contract immediately. This process will be repeated on an annual basis with a specific focus upon financial and quality related performance updates.

Decision Process

In addition to the Due Diligence documentation subcontractors will also provide a business case which will include:

- Organisation overview
- Structure - legal and operational
- Rationale for contract request
- Demand-led evidence
- Added value to prime contractor and sector
- Current offer and track record of successful delivery
- QA/QI systems
- Financial health check
- Completed Agency Register (online due diligence process)
- References from previous clients

The application processes and base documentation will form the main decision making process to select a sub-contractor.

Decisions will also be determined by the responses to the key questions requested in potential partner's delivery plans against local and regional priorities.

KCC will be looking for flexibilities that develop and deliver an offer that meets the needs of local people, employers and the wider community.

The costs/benefits of an internal solution (investment) vs an external solution (sub-contract) will also be considered as will the leverage that subcontracted work can provide to key College and/or government growth targets, especially 16-18 Apprenticeship delivery.

Contracting

Based on approval and through discussion or negotiation, both the College and the subcontractor will agree the contract financial value and learner numbers by funding stream(s). The following core contract components will be agreed:

- Sub-contractor profile
- Sub-contractor duty (and KPIs)
- College duty
- College service offer
- College management and service charges based on due diligence results
- Contract volume and value.

The contract will reflect the in-year Agency Funding Rules and updates. All contracts are legally binding and will need to be signed by all parties prior to the commencement of delivery.

The College will declare to the Agency all subcontractor arrangements. This will normally be twice a year but if volumes or values change a revised submission will be made between these formal submission dates.

During the contracting year if there is any evidence of a subcontractor's irregular financial or delivery activity the College will carry out an investigation and will report the outcome of the investigation, in writing, to the Funding Agency relationship manager within 10 days of the investigation being complete.

Second-level Subcontracting

Second level subcontracting is only allowed in exceptional circumstances and for this KCC would need to obtain prior approval in writing and in advance of contracting each year. KCC do not expect any second level subcontracting to take place in 2015/16.

Other Requirements

All subcontractors holding contracts with an overall value of £100,000 must be listed on the Register of Training Organisations before the College will enter into a subcontract with them.

The College will only subcontract for delivering funded provision to legal entities. If the legal entity is a registered company, it must be recorded as 'Active' on the Companies House database.

Performance Data

Subcontractors will provide a range of data, at the frequencies specified in the contract at Schedules 1-3 and those specified in the Partner KPI Areas with Targets and Thresholds agreed at contract negotiation and identified within Schedule 1. Should Subcontractors fail to deliver the data consistently, KCC will impose financial penalties.

Delivery Quality

Subcontractors will ensure that all learners are given inductions to their courses or programme. The induction given must be consistent with the standards specified by KCC for the management and delivery of learner inductions.

All courses should include an initial assessment process that enables learners and staff to identify what they want to achieve from the course. This process should ensure that:

- Learners have the necessary aptitudes, attributes and abilities to help them successfully complete the courses for which they are applying.
- Any learning support needs are accurately identified.
- Learners have the information they need to help them make well informed judgements about the relevance of their courses to their short and longer term employment and learning goals.

Any identified support needs will be fed back to KCC, who will approve the additional support and any extra cost involved. Subcontractors must have access to appropriate learner support arrangements.

Where appropriate the assessment should also gather necessary information about health and medical records, previous relevant experience, depending on the nature of the course itself and specifically where the nature of the course presents significant health and safety issues. KCC Health & Safety policy and risk assessments must be adhered to.

Tutors must maintain learner progress records at an appropriate level of detail, in relation to the context and length of the course or programme. KCC Quality documents provide the benchmark for the detail of records required.

All courses will have their content defined within a scheme of work and their sessions will be planned using an appropriate lesson/session plan. Both these should be consistent with the requirements defined in KCC Quality documents.

Requirements in relation to observation of teaching and learning are defined in KCC Quality documents.

Subcontractors will register their learners with the appropriate examination boards within agreed timescales and abide by awarding body regulations. Subcontractors will maintain assessment and verification, and/or moderation arrangements that are consistent with the requirements of the awarding bodies, examination boards and the Sector Skills Councils, where the latter make recommendations regarding assessment and verification arrangements.

Subcontractors must ensure that appropriate staff attend KCC best practice events and any training organised by KCC which has been put in place to address issues identified in quality or compliance post-audit action plans. Failure to attend such events will result in the organisation's risk assessment rating being increased. This action is likely to increase the frequency of quality and/or compliance audits undertaken. Other penalties may also be applied.

"Appropriate staff" are normally defined as individuals who have relevant managerial authority and responsibility for the subject being addressed through the training. The exception to this definition will be where training is designed for practitioners.

Subcontractors will ensure that they maintain effective employer engagement. Employer engagement processes must be consistent with the standards specified by KCC for the management and delivery of learner inductions.

Health & Safety

Subcontractors must provide details on request to KCC, of how they ensure that facilities used to deliver learning meet all Health & Safety regulatory and legislative requirements, including where required specific health & safety reports, audits and risk assessments.

Subcontractor tutors must be capable of and must undertake activity and facility risk assessments at a frequency consistent with the type of activity and the nature of the facility being used.

Subcontractors must ensure that appropriate staff attend KCC best practice events and any training organised by KCC which has been put in place to address issues identified in quality or compliance post-audit action plans relating to Health & Safety. Failure to attend such events will result in the organisation's risk assessment rating being increased. This action is likely to increase the frequency of quality and/or compliance audits undertaken. Other penalties may also be applied.

"Appropriate staff" in this instance are normally defined as individuals who have relevant managerial authority and responsibility for Health & Safety.

Information, Advice and Guidance

From 2015/16 there is an expectation that all subcontractors working with KCC will have achieved the Matrix quality standard.

Subcontractors will be required to demonstrate that they provide information, advice and guidance (IAG) at an appropriate range of venues and through a range of media, including the internet, to a standard consistent with that offered by KCC. IAG should include:

- Initial advice and guidance to inform the learner's choice of programme or course
- On programme advice and guidance to help learners:
 - Develop ideas for future learning or employment
 - Who have personal issues such as substance misuse, housing problems, pregnancy etc, identify and make contact with relevant organisations
 - Make specific choices about future learning or employment.

Facilities and Resources

All facilities and resources used must be "fit for purpose" and comply with all current Health & Safety legislation. Any new premises or change of premises used for the delivery of programmes funded by the College need to be risk assessed and details supplied to the College prior to commencement of any delivery.

Self-Assessment

All subcontractors will be required to undertake a self-assessment process in relation to the Common Inspection Framework and produce a SAR which clearly and specifically identifies and evaluates the courses and programmes which they are contracted to deliver. The SAR and resulting action plan must be submitted as specified in the contract.

Service Standards

All subcontractors will be required to demonstrate how they will meet the KCC service standards in relation to providing a high quality service at all points of a learner's journey and how they will communicate these standards to learners.

Subcontractors will be required to meet the performance targets set out in the Contract Schedules 1-3 and those specified in the Partner KPI Areas with Targets and Thresholds agreed at contract negotiation and identified within Schedule 1. Should Subcontractors fail to meet the performance targets, KCC will work with the subcontractor on an improvement plan and monitor performance. Further continued poor performance will result in financial penalties.

KCC staff will support those subcontractors who require further development to reach the required standard in the expectation that subcontractor staff will subsequently maintain this standard.

Safeguarding

Subcontractors will be required to have in place safeguarding arrangements which are consistent with the standards specified in the guidance documentation provided by KCC.

Recruitment Profiles and Delivery Locations

Subcontractors may be required to ensure that programmes are delivered in specific localities, depending upon the nature of the contract. They may be required to recruit learners from a specific profile e.g. age, ethnicity, gender, disability, NEET.

Audit Procedures

KCC will conduct audits of subcontractors as specified in the Quality Assurance arrangements in Contract Schedules 1-3 and those specified in the Partner KPI Areas with Targets and Thresholds agreed at contract negotiation and identified within Schedule 1.

KCC will provide reasonable advance notice in writing of proposed visits to the subcontractor of the scope and date of each audit.

Post-audit action plans will be produced where necessary and subcontractors will be supported through training and mentoring to achieve the aims set out in the action plans. Subcontractors who consistently fail to attend training or engage in the mentoring scheme will be financially penalised.

Subcontractors Policies and Procedures

Subcontractors will be required to demonstrate that they have robust quality audit arrangements, consistent with the requirements related to the audit activities undertaken by KCC as specified above.

They will be required to maintain, review and update policies and procedures in line with national legislation and as appropriate to the nature of their contract in the following areas:

- Health & Safety
- Equality & Diversity

- Safeguarding
- Sustainability
- Quality Assurance, including performance monitoring and development of:
 - Teaching practice
 - Initial assessment
 - Additional learning support
 - Information, advice and guidance
 - Self-assessment
 - Service standards

- Performance management information
- Data protection
- Staff recruitment and development
- Financial management

Contract Monitoring and Review

Subcontractor performance will be monitored on an ongoing basis and will also include attendance at Principal Performance Review meetings that will be scheduled at quarterly intervals throughout the year.

Feedback on performance will be provided in writing, by phone or e-mail and will require actions to address any identified issues. The methods used will depend upon the circumstances at any point in time. Feedback will also be provided at periodic contract performance review meetings. The frequency of these meetings will depend upon the performance of the subcontractor.

Where performance falls below the standard required, subcontractors will be issued with a notice to improve. Support will be provided to help subcontractors develop and enhance the quality of their delivery. If a subcontractor fails to meet the necessary improvements within the agreed timescales, it may be necessary to implement contract termination procedures.

Monitoring will include:

- Having monthly conference calls and/or visits
- Examining MIS and claims
- Scheduled support visits.

Review will involve:

- Quarterly formal meetings
- An examination of all aspects of the contract
- Planning future actions.

Evaluation will include:

- Annual assessments/audits
- Looking at contract performance
- The contract renewal decision-making process.

The level of contract management and service provided by the College to the sub-contractor will be determined at approval stage, but could be increased in year as performance levels are reviewed.

If during in year monitoring there is any evidence of a subcontractor's irregular financial or delivery activity the College will carry out an investigation and will report the outcome of the investigation, in writing, to the Funding Agency relationship manager within 10 days of the investigation being complete.

If a subcontractor is found to be subcontracting to a second level the contract will be stopped and a decision will be made to determine actions or whether the College should seek obtain approval in writing as this should only be sought in advance of contracting each year.

Contract Termination

KCC will work with its subcontractors to ensure that all learners receive high quality, safe and inspiring training, with all the necessary support for individuals to achieve their aims and progress on to employment.

Should a subcontractor consistently fail to improve any element of its performance which is deemed to be unsatisfactory or inadequate, or consistently fail to engage in training or with the quality support systems which are in place, KCC reserves the right to terminate the contract to protect the learners.

If contract termination procedures are implemented, subcontractors are contractually required to co-operate fully with this process. Failure to comply with the requirements will result in significant penalties.