

Subcontracting Fees and Charges Policy

1. Purpose

- 1.1 The purpose of this policy is to ensure that DN Colleges Group (**DNCG**):
- Provides clear guidance on DN Colleges Group's ("**the College**") procurement and robust due diligence processes in relation to subcontractors and on how the College will continuously seek to procure high-quality subcontractors to deliver national priorities both local and regionally in a manner which is fair and transparent to ensure compliance with funding requirements and that the highest quality of learning is made available.
 - Outlines clear transparency for all subcontractors, funding bodies and other interested parties regarding the College's support and charging rationale related to our subcontracted provision.
 - Maintains the highest standards of delivery across all subcontractors' teaching, learning and assessment activities.

2 Scope

- 2.1 This policy applies to all supply chain activities supported with funds provided by the Education & Skills Funding Agency ("**ESFA**") or South Yorkshire Mayoral Combined Authority ("**SYMCA**") whereby the College enters into a subcontracting agreement with a supplier in relation to 16-18, Adult Skills or apprenticeships provision.

This policy also governs any potential and actual subcontracting arrangements for which the College intends to claim or actually claims public funding for provision that is delivered on behalf of the College.

This policy provides transparency for all subcontractors, funding bodies and other interested parties regarding the procurement, due diligence process, support and charging rationale related to the College's subcontracted provision.

The implementation of a policy of this nature is a compulsory requirement for every further education college and every private training provider who intends to subcontract government funding. This policy has been developed in accordance with the ESFA's Funding Rules (including its specific rules relating to delivery subcontracting).

3 Responsibilities

- 3.1 The College recognises the benefits that effective subcontracting can bring to extending accessibility of provision for students and thereby contributing to the economic prosperity of our neighbouring local communities.

The ESFA defines a subcontractor as "*a separate legal entity or an individual that has an agreement (called a subcontract) with a lead provider to deliver any element of the education and training that the ESFA fund*".

A separate legal entity includes but is not limited to companies/organisations in the College's group, other associated companies and sole traders. An individual subcontractor could include

a person who is a sole trader, self-employed, a freelancer or someone who is employed by an agency, unless those individuals are working under the direct management of the College and are controlled in the same way as the College's own employees. This **does not include** relationships between the College and an apprenticeship end-point assessment organisation, or between the College and other third parties providing services such as marketing.

The College will only subcontract provision where the subcontracting aligns to our corporate and organisational strategies, enhances the quality of the College's learner offer, and (in particular) meets one or more of the following aims:

- enhances the opportunities available to learners
- fills gaps in niche or expert provision or provides better access to training facilities
- supports better geographical access for learners
- offers an entry point for disadvantaged groups
- gives consideration of the impact on individuals with shared protected characteristics, where there might otherwise be gaps

The College's specific rationale for entering into a particular subcontract shall be stated within the schedules to the corresponding subcontract.

The College does not subcontract delivery to meet short-term funding objectives.

The College will only award subcontracts 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 (<https://find-and-update.company-information.service.gov.uk/>). Subcontractors must hold a valid UK Provider Reference Number (UKPRN) and be registered on the UK Register of Learning Providers (UKRLP).

Subcontracting may in particular arise in connection with the College being named as the lead provider for a collaborative bid and/or establishing strategic partnerships that enable growth opportunities.

4 Definitions and/or Relevant Legislation

4.1 Definitions:

'College' refers to DN Colleges Group (and its subsidiaries) including Doncaster College, North Lindsey College campuses and satellite campuses.

'Contract' refers to any form of contract or agreement for the supply of goods, services and/or works that the College enters into.

'Due diligence' refers to the checks in which the College conducts to identify and manage risk before an activity does ahead.

'End point assessment (EPA)' refers to the testing of the knowledge, skills and behaviours that an apprentice has gained during their training. Unique to each standard, EPA demonstrates the competence of an apprentice in their role. This competence is valued by current and future employers.

'Gateway' refers to the review by the employer and training provider of their apprentice's knowledge, skills and behaviours to see if they have met the minimum requirements of the apprenticeship set out in the apprenticeship standard and are ready to take EPA.

‘Procurement’ refers to the purchase, contract hire, lease, rental or any other form of acquisition which results in a contract where the College is purchasing Goods, Works or Services from a third-party Supplier. Procurement also includes the establishment of Framework Agreements and Dynamic Purchasing Systems.

‘Subcontractor’ refers to a third party that is engaged in a contractual and legally binding arrangement with DNCG, to deliver education and training provision as funded by ESFA/SYMCA/other public funding as appropriate.

‘Tender’ refers to a formal process by which proposals are requested by the College and received from Suppliers in relation to a Procurement, making reference to a price and (where applicable) other information.

4.2 Specific legislation that may need to be referenced in this policy;

ESFA Subcontracting Funding Rules for ESFA Funded Post-16 Funding

5 The Policy

5.1 The College shall, in respect of each subcontract, deduct and retain from the ESFA/SYMCA/other public funding an amount calculated in accordance with the schedules to the relevant subcontract document by way of quality assurance, administrative support and delivery fees as agreed with the relevant subcontractor. Further details of how these retained amounts are used by the College are set out below (in addition to being set out in each subcontract document itself).

The rationale adopted by the College to determine the level of such fees retained through each subcontract is a risk-based approach. Contributory risk factors that would influence the level of such fees shall include:

1. Type of subcontractor proposed to be engaged
2. Type of provision to be delivered by the subcontractor
3. Previous track record of the subcontractor
4. Previous success levels of the subcontractor
5. Risk Rating of the subcontractor

Risk banding table

The percentage figures stated below refer to the level of such fees that will be set by the College (depending on the subcontractor’s risk band and the type of delivery) as a percentage of the corresponding funding received by the College:

Subcontractor Risk Rating Band	Adult Skills	Apprenticeships rate (* may vary depending on the College’s delivery %)	16-18
Low	15%	20%*	15%
Medium	20%	25%*	20%
High	25%	30%*	25%

The level of such fees retained by the College may change over the course of the corresponding subcontract should the College’s assessment of the subcontractor’s risk rating and will also be dependent on the related funding stream and level of support required.

The fees retained by the College shall be used to account for the College's own operating, quality assurance and related costs incurred by the College in connection with the relevant subcontract and shall be further particularised in the schedules to the relevant subcontract. An example of such a particularisation can be seen below:

Sample breakdown of how the College would typically use a 15% fee:

Percentage of fee	Activity
10%	processing enrolments, learner registrations, IT platform access for managing learner progress and IT support
5%	provision of learner materials including handbook and induction support
40%	managing the quality of provision including observations, IQA, SAR/QIP monitoring
35%	management of the subcontract including contract meetings, operational management meetings, performance management reviews, performance monitoring, preparation of PFR reports
0%	delivery of specific training
0%	provision of specific delivery equipment or materials
10%	provision of learner support by College teams and access to College facilities and resources

In all cases, these costs must represent reasonable and proportionate costs based on the management and support required to deliver the relevant programme and each cost must contribute to the delivery of high-quality learning. This will be determined as part of the initial due diligence and contract negotiation process and for each subcontract will be explained further in the schedules to the relevant subcontract.

5.2

SELECTION OF SUBCONTRACTORS INCLUDING DUE DILIGENCE AND TENDERING

If the College has not previously subcontracted provision funded by the ESFA or SYMCA it will seek approval in writing from the relevant agency prior to awarding a related contract with a subcontractor. Once approval is given by the relevant agency, providers will be invited to submit an application.

Applicants for a subcontract who successfully complete the procurement process must also satisfy the College's related Gateway and Due Diligence checks and any applicable pre-contract requirements before a subcontract is issued to them. Applicants can be rejected at any stage of this process. If the applicant is successful and satisfies all related checks and other requirements, the College will approve the applicant to work with the College as a subcontractor and an initial 1-year subcontract shall be issued.

Due diligence includes a review of the subcontractor's standard policies and a check of the subcontractor's financial stability in relation to future partnership and subcontracting arrangements (having regard in particular to the ESFA's 'Funding Higher Risk Organisations and Subcontractors Policy' requirements). This activity will not be undertaken in isolation and other pre-contractual checks will be considered, depending on individual contract requirements and the subcontractor's own circumstances (including site visits and full pre-contract visit).

Once subcontractors have been engaged on a subcontract, they are required to complete an annual refresh application of the College's Gateway and Due Diligence process to remain on the College's supply chain and be awarded with new subcontracts. The refresh includes a review of the subcontractor's standard policies by the College and a check of the

subcontractor's ongoing credit risk rating. Re-assessment of annual accounts also takes place, and a further full financial assessment is completed at this time.

Any subcontractor who does not satisfy or who ceases to satisfy the College's due diligence and finance health checks, will have their right to recruit new learners suspended and may have their subcontract terminated, dependent on the circumstances.

Where a subcontractor is in receipt of an aggregate subcontract value of ESFA funding for delivering education and training that totals £100,000.00 or more in any funding year, the College will share the results of any related due diligence checks with the ESFA via a signed return on a timely basis.

The College will not permit subcontracting to take place with anyone who does not hold a direct written contract with the College. No secondary level of subcontracting is permitted.

The College will, at the end of each academic year, publish information relating to the actual levels of funding retained and paid for each of the College's subcontractors.

5.3 **CONTRACTING AND PAYMENT TERMS**

All subcontractors engaged by the College will be issued with a written subcontract. The subcontract will set out the maximum amount of funding that is available to the subcontractor under the relevant subcontract (i.e. maximum contract value) and the payment procedure (monthly or otherwise). The College will agree a fee structure and payment schedule with each subcontractor that recognises the full extent of that subcontractor's subcontracted provision, the risks presented by this and the costs to the College of related contract management and risk mitigation.

The Projects and Contracts Team are the contract and budget holders, and the Vice Principal Business Growth, Skills and Partnerships holds overall responsibility for all subcontracts and the Projects and Contracts Team. Subcontractors' performance updates will be provided to the College's Senior Leadership Team meetings on a monthly basis.

The College reserves the right to vary the profile under any subcontract to meet any relevant requirements of the relevant funding body (including any requirements set out in any applicable rules such as any relevant performance management rules). The College also reserves the right to adjust any applicable subcontract profile where a subcontractor does not achieve any aspect of the relevant profile.

The College will not be under any obligation to make payment to the subcontractor in respect of any learners over and above any agreed upper limit on the number of learners or the maximum amount of funding allocated to the subcontractor.

The College's payment terms to subcontractors are 30 days from receipt of a valid invoice. Payments may be subject to clawback under the terms of the relevant subcontract upon certain types of default by the subcontractor (for under-delivery).

Any minor variations to contract will be made annually in line with the regular revision and issuing of subcontracts prior to a new contract year. Major variations to contracts will be submitted for approval to the Senior Leadership Team and relevant Governor committee as appropriate as directed by Vice Principal Business Growth, Skills and Partnerships (please see Appendix A for Contract Change Process for Subcontractors).

5.4 **QUALITY & SUPPORT**

The College will actively work with subcontractors to continuously improve the quality of the teaching and learning that they deliver and thereby ensure continuous improvement of the overall quality of teaching and learning for all College learners.

The College will provide timely and meaningful feedback to both the subcontractor and their delivery staff and where appropriate ensure that any related observations are incorporated into the College's moderation and standardisation process (in order for the improvement actions to impact both internal and subcontractor quality).

'Learner voice' surveys to gather feedback from learners, will be carried out throughout the duration of the subcontract.

The College will support its subcontractors in ensuring that they have appropriate policies and procedures in place to support the fulfilment by the College of its statutory and other legal obligations.

The College will support subcontractors to develop an effective Self-Assessment Report (SAR) and an effective Quality Improvement Plan (QIP) for incorporation into the College's own group SAR.

The College will offer to its subcontractors:

- Monthly contract management meetings
- Quality observations/support in line with The College's Quality Monitoring Cycle
- Professional training and development of relevant subcontractor staff
- Access to relevant learning resources and materials
- Participation in the College's observation of teaching and learning process
- Access to relevant in-house training delivered by the College
- Monitoring of initial guidance, assessment and delivery of learning programs

Please see Appendix B, Subcontracting Framework for Joint Working, for further breakdown of Subcontractor and DNCG responsibilities.

The College recognises its responsibility to support all subcontractors to develop, deliver and sustain high quality provision that meets the needs of the community and learners. The deducted fees referred to above are in part used directly to make available a comprehensive programme of support and compliance measures to ensure public funds are protected and used effectively.

All complaints and appeals will be logged in the Subcontracts Complaints Log and managed in line with DNCG policies.

5.5 **DATA PROTECTION**

The College, its subcontractors and other partners need to comply with the Data Protection Act 2018 and UK GDPR. As the lead delivery organisation, the College will act as the Data Controller of any related personal data (e.g., in relation to learners). Each subcontractor will act as a data processor in respect of any personal data which they process in connection with their services (and the College will ensure that the relevant subcontracting document includes UK GDPR-compliant data processing terms).

Each subcontractor needs to ensure that transmission of personal data (either to the College or to anybody else pursuant to the relevant subcontract) is undertaken on a secure basis. Any data breach must be reported to the College immediately on discovery.

6 Relevant Policies and Procedures

- 6.1 Financial Regulations
Procurement Policy
Anti-Fraud Bribery and Corruption Policy
Quality Assurance of TLA Policy
Quality Improvement Policy
Safeguarding Child Protection and Prevent Policy
Health and Safety Policy
Data Protection Policy

7 Who to Contact with Queries

- 7.1 The Projects and Contracts team should be contacted in the first instance for any queries in relation to this policy contracts.team@dncolleges.ac.uk

8 Communication

- 8.1 This policy will be routinely communicated to, and discussed with, current subcontractors as part of the contract review process.

This policy will also be communicated to potential subcontractors as part of the procurement process.

The policy will be published on the DNCG staff intranet and website.

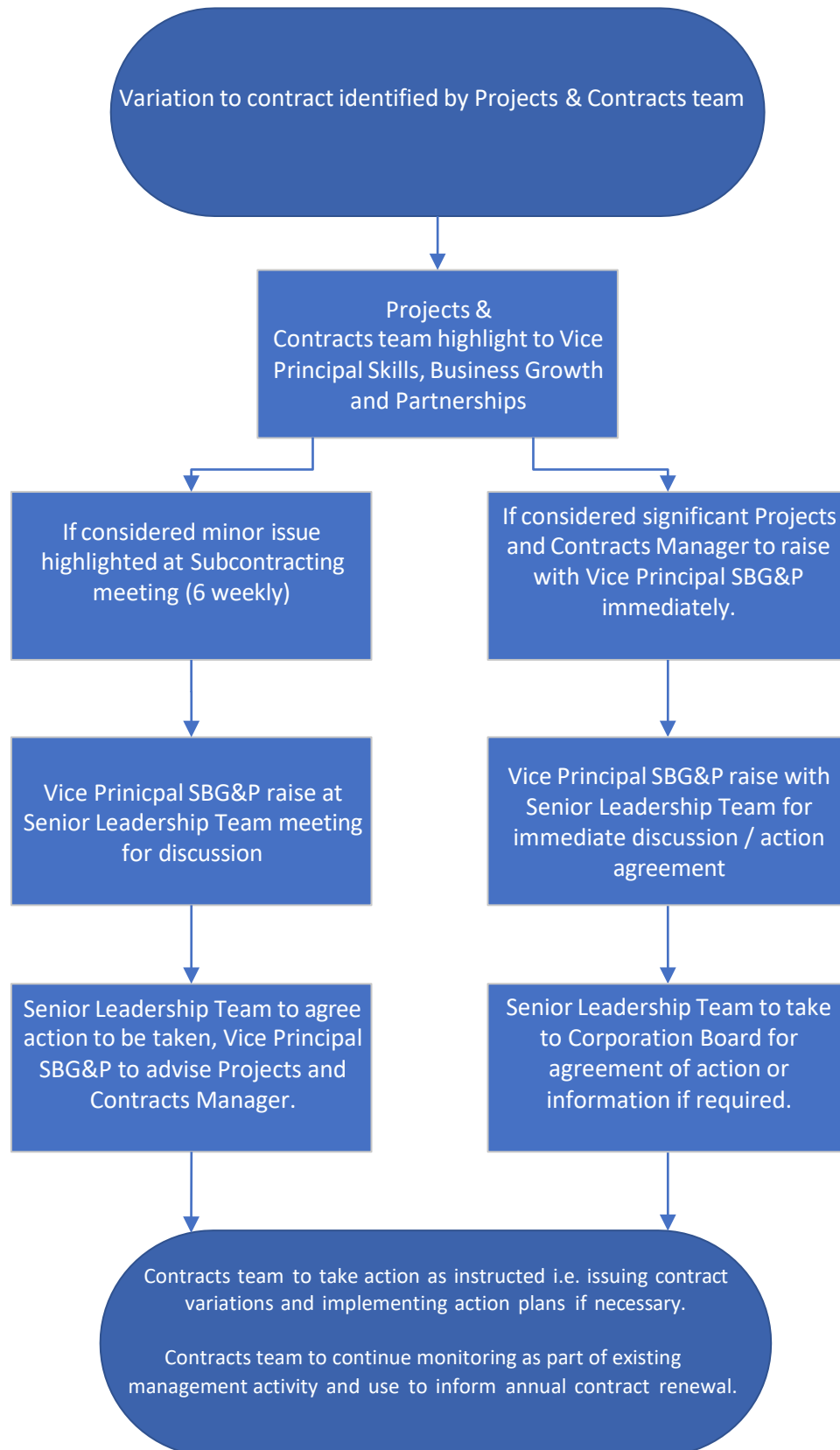
9 Authorisation

Policy Holder:	Vice Principal Business Growth, Skills and Partnerships
Union Approval & Date:	N/A
SLT Approval & Date:	12 June 2024
Governor Committee/ Board Approval:	Finance & Resources Committee 24 June 2024
Next Review Date:	June 2025

Contract Change Process for Subcontractors

To minimise variations to contracts DNCG's policy dictates that all subcontracts are reviewed and issued annually.

The below process will be followed should any reason for contract change or variation be identified in-year.



Reasons for contract change include but are not limited to; underperformance, overperformance, quality, loss of APAR, Health and Safety, financial difficulty of subcontractors, major Safeguarding concerns.

Examples of minor contract change:

Request for contract value increase of 5% or under

Request to add qualification to contract

Safeguarding risk identified; if found compliant following investigation

Quality concerns identified; if found compliant following investigation

Examples of major contract change:

Contract value significantly underachieved or request for increase of over 5%

Request to change delivery to a curriculum area not identified as a priority area

Safeguarding risk identified; concern upheld following investigation

Quality concern identified; concern upheld following investigation

Subcontracting Framework for Joint Working

Introduction

This framework aims to establish a collaborative approach between DN Colleges Group and its subcontractors to enhance efficiency, communication, and outcomes. By delineating responsibilities, expectations, and avenues for cooperation, this framework in line with individual contracts, seeks to foster a mutually beneficial relationship between both parties.

DN Colleges Group is responsible for the leadership and management of subcontracted provision. Provision must meet College expectations in terms of quality and outcomes and be managed in line with all College departments, teams and staff including provision to College CPD opportunities. Both parties shall actively engage in identifying opportunities for process enhancement, innovation, and best practice sharing.

Objectives:

- To optimise resource utilisation and service delivery.
- To enhance communication channels for effective collaboration.
- To ensure alignment with the DNCG's strategic objectives.
- To continuously improve processes and outcomes through shared learning and feedback.

Communication Protocols:

- Regular meetings shall be scheduled between college representatives and subcontractors to review progress, discuss challenges, and identify opportunities for improvement.
- The designated point of contact shall be established on both sides to facilitate communication and coordination, at DNCG this sits with the Projects and Contracts team in the first instance.
- Communication channels, including email, phone, and any data sharing platforms, shall be clearly defined and utilised for efficient information exchange.

This framework, in conjunction with the individual contracts, sets forth a structured approach to collaboration between DN Colleges Group and its subcontractors, with the overarching goal of enhancing performance, fostering innovation, and achieving shared objectives. By adhering to the principles outlined herein and maintaining a commitment to open communication, accountability, and continuous improvement, both parties can work together effectively to deliver exceptional results.

Contracts Team Responsibilities

- Seeking Senior Leadership Team and Governors approval for all major subcontracting activity (including new contracts, contract renewals/variations)
- Follow full procurement process for any new subcontracting provision.
- Issuing of contracts annually to subcontractors

- Contract management including capturing evidence of operations e.g., PMR/operations meeting minutes, quality evidence including QIPs and observation reports.
- Holding agreed monthly contract management meetings. See Annex A for an example agenda to meet subcontracting requirements.
- Payment of subcontractors
- Ensuring due diligence of subcontractors takes place prior to contract being issued and is monitored regularly.
- Ensuring delivery of any requirements of the contract. This may include, for example:
 - Functional Skills
 - Delivery of an element of apprenticeship off-job training – at least 10%
- Ensuring the subcontractor meets funding requirements including the ESFA rationale for subcontracting.
- Ensuring learners are enrolled on approved funded courses as per the specific subcontractor contract (qualifications through the College awarding bodies or subcontractor qualifications with their awarding bodies)
- Ensuring course planning including course code set up is completed.
- Ensuring subcontractors access to College mandatory training modules and CPD opportunities throughout the year.
- Ensuring subcontractors are trained in and given access to College systems as required. Including:
 - Prosolution and any products in the Pro suite
 - Smart Assessor for Apprenticeships
 - CPD platforms
 - Other College IT platforms as required.
- Ensuring the provision meets quality requirements and standards ensuring the College quality team performs regular reviews e.g. quality of delivery, staff observations, quality audits, SAR/QIP completion and QIP delivery.
- Ensuring the subcontractor manages provision in line with College requirements and procedures including:
 - Initial assessment
 - Enrolment
 - Delivery
 - Assessment
 - Additional Support
 - Smart Assessor completion
- Ensuring evidence and information is captured as required to ensure compliancy with ESFA subcontractor management requirements.

Curriculum Responsibilities (AEB, Apprenticeships, FE, HE)

Subcontracted provision is to be treated as a department/team within the College with the same expectations of leadership, management, delivery, quality and achievements. Key curriculum operational responsibilities include:

- Ensuring the College delivers any requirements of the contract. The contracts team will confirm specific contractual obligations. This may include:
 - Functional Skills
 - Delivery of an element of apprenticeship off-job training – at least 10%
- Ensuring any operational management concerns are raised to the Projects and Contracts team in a timely manner to inform future and current contracting, including retention of subcontractors and contract adherence to ESFA regulation requirements.
- Ensuring the provision is managed in line with funding requirements including holding regular meetings. See Annex A for an example agenda to meet subcontracting requirements.
- To approve enrolments and withdrawals and notify the Projects and Contracts team to ensure correct payments are made to subcontractors.
- Ensuring PMR minutes and any quality information is shared with the Projects and Contracts team for contract management evidence required by the ESFA.

Quality Department Responsibilities

- Ensuring the subcontractor meets College expectations as any other department in College.
- Ensuring regular quality activities are programmed in across the year including staff observations and providing constructive feedback.
- Ensuring SAR/QIP expectations are met by the subcontractor.
- Providing the contracts team with evidence during the year of quality activities undertaken e.g. copies of observations, SARs, QIPs.
- Conducting learner surveys with all subcontracted provision and providing feedback to Projects and Contracts Team/subcontractors.
- Ensuring any quality management concerns are raised to the Projects and Contracts team in a timely manner to inform future and current contracting, including retention of subcontractors and contract adherence to ESFA regulation requirements.
- Quality management includes observations on all sites, particularly when subcontracted at employers' sites.

Senior Leadership Team

- Confirm agreement to go to tender for new subcontracting provision.
- Discussion of/agreement to take to Corporation Board for final approval; new subcontracting contracts, annual renewal of existing contracts including values for the following academic year, Subcontracting Fees and Charges Policy.
- Signing of subcontracting contracts (CEO).
- Regular monitoring of subcontracting performance as informed by the Contracts team.
- Approve and sign variations of contracts, to include the cancellation of contracts, as and when required (CEO).

Corporation Board

- Final approval of; new subcontracting contracts, annual renewal of existing contracts including values for the following academic year, Subcontracting Fees and Charges Policy (Finance and Resources Committee).

Subcontractors

- Fulfil all obligations and responsibilities as defined in the contract issued at the start of the subcontract.
- Provide learning programmes on behalf of DNCG in line with the Contract and funding rules.
- Submission of learner enrolments and supplementary documentation as required in a timely manner.
- Provide information requested by DNCG as part of the due diligence process and ensuring that any due diligence requirements are kept up to date and in line with contractual obligations. Informing DNCG of any changes of ownership of the organisation, management structure, loss of accreditation and/or direct claim status.
- Attending regular meetings as agreed with DNCG Projects and Contracts team and Curriculum teams providing updates as required on key performance and monitoring areas. See Annex A for an example of a meeting agenda to meet subcontracting requirements.
- Give reasonable access to premises and documentation for the purpose of quality assurance to DNCG staff, including taking part in observations and providing SAR/QIP's.
- Be familiarised with the ESFA Funding Rules (and, where appropriate, Apprenticeship funding rules) and ensure systems and processes enable full compliance.
- Comply with and participate in an Ofsted inspection as and when DNCG is subject to one providing further documentation if required.
- Comply with and participate in an Assurance Review of subcontracting standard as and when DNCG is subject to one providing further documentation if required.
- Conduct regular CPD in line with DNCG's mandatory training guidelines.
- Inform learners of the contractual arrangements of the subcontract and encourage their participation in quality monitoring activities including surveys when required.
- Maintain open lines of communication with DNCG and promptly address any issues or concerns.

Annex A

Example meeting agenda to meet subcontracting requirements to include:

- Starts and Leavers
- Training Plans
- Learner Progress
- Learner support and access to College services and support
- Achievements
- Quality
- Issues
- Learner Support
- H&S e.g. report of any accidents
- Equality and Diversity
- Safeguarding

DN COLLEGES GROUP



- Subcontractor Staff Development
- Course Management including attendance
- Pro-systems access and use
- Teaching and Learning