



Subcontract Management
and
Fee Policy 2021/2022

Contents

Document History	3
Purpose	4
Scope	4
Authorisation process	4
Lines of responsibility	5
Commitment	5
Policy Statement.....	6
Management Fee	6
Subcontractor Support and Capacity Building.....	9
Payment Terms	10
Complaints and Disputes	10
Review and Publishing of this Policy.....	10
Supporting documentation and further reading	11

Document History

Version	Issue Date	Owner	Revision Notes	Next Review
1.2	02/01/2020	Wendy Shepard	Full Review	-
1.3	28.09.2020	Wendy Shepard	Full Review	-
1.4	09.09.2021	Head of Partnerships and Projects – David Watson	Full Review	31/08/2022

This document is issued, controlled, and can only be modified after proposed modifications have been accepted by the Operations Director and have been accepted by the Company Directors.

The latest version will be maintained on the company central storage area (Intranet).

Purpose

The aim of the policy is to provide accurate, transparent and comprehensive information to external agencies on the fee policy that Key Training Limited will adopt when subcontracting its provision. This policy is published in line with the Education Skills Funding Agency requirements as stated in the funding rules 2021/2022.

Key Training Limited is committed to achieving outstanding teaching, learning and assessment, and this is demonstrated within this policy by ensuring all potential partners are able to achieve the desired expectations.

The policy is a mandatory requirement that must be in place prior to participating in any subcontracted, supply chain activity. The content of this policy has been developed in line with the current Education and Skills Funding Agency (ESFA) Funding Rules, the Funding Guidance for Young People 2021 to 2022 Subcontracting Control Regulation and the Ofsted Education Inspection Framework (EIF).

Scope

The policy applies to all subcontracted provisions / supply chain activity where funds are supported by the Education and Skills Funding Agency, or any successor organisations and delivered on behalf of Key Training Limited.

Authorisation process

In compliance with the ESFA and other agency funding rules, Key Training will publish its Subcontracting Management Fees Policy, which explains our approach to subcontracting and will submit actual end-of-year subcontracting fees and charges to the ESFA on request.

This policy will be reviewed annually and made available on the company website.

Lines of responsibility

Final agreement and approval for subcontracting partnerships, charges / fees, contract values and changes are the responsibility of the Operations Director and Key Training Governing Body (Board).

Key personnel involved in the subcontracting processes and policies include, but are not limited to: Operations Director, Head of Partnerships and Projects, Partnerships and Projects Manager, Compliance Manager, Head of Quality and Curriculum and Head of Learner Support

Commitment

Key Training Limited subcontracts to other delivery partners with the intention of:

- widening participation to allow a greater number of learners access to provision to meet their individual needs.
- introducing new curriculum to our portfolio where demand exists, and Key Training Limited is not best placed to deliver
- providing high quality progression route ways for existing learners
- making a positive contribution to addressing the unemployed skills gap and NEET agenda
- providing good development opportunities for both Key Training Limited and our delivery partners, share good practice and new ways of working

Policy Statement

Key Training Limited intends to/work with a small number of delivery partners and assumes an understanding of shared values that puts the learner at the centre of the provision.

As part of our partnership working Key Training Limited operate the following approach in determining the appropriate management fee for each individual partner.

Key Training Limited subcontractor partnerships are formed to benefit all parties to provide enhanced opportunities for young people to access a wider provision of learning subjects with bespoke facilities in areas of popularity and high demand.

The partnerships work in collaboration to enhance learner content on combined topics and provide stretch and challenge in areas requiring additional provisions for learning opportunities to support the amplification of the identified topical areas such as health, fitness and wellbeing.

Key Training recognises the benefits that effective subcontracting can bring in extending the range and accessibility of provision for learners and employers.

The partnerships may directly or indirectly support the learning of those on programme through shared resources, modified content, shared staff training and development days on topics of mutual interest and enhancement such as safeguarding, functional skills, health and fitness, curriculum and external audit support.

In selecting our partner providers we will consider the following:

- Reputation
- Geographical location and available provisions
- Specialism
- Quality Measures
- Finance

To ensure we encompass all we commit to within our subcontracting provision we do not exclude providers based on a geographical location allowing us to maximise our offering to support a wider range of students. Therefore, to ensure any distance subcontracting arrangements are appropriately managed, we aim to conduct regular monthly monitoring visits covering compliance and quality of teaching and learning across the programme delivery. Visits are a combination of desktop review activities – via Teams, onsite activities and checks, planned and unplanned inspections conducted to ensure Ofsted and ESFA rules are demonstrated and adhered to. Key Training Limited review subcontracting arrangements and the rationale for subcontracting yearly (or earlier, if required) in light of any changes, to ensure it is valid and current in line with our own policy / external governing regulators. The Policy also ensures that allocation of provision remains within 25% of the overall allocation of funds.

Key Training will only subcontract where it is established that the provision is of high quality and low risk.

All providers / subcontracting partners are subject to a comprehensive due diligence process prior to a contract being awarded. This risk-based approach takes into consideration a variety of aspects including previous track record, financial standing – via a financial assessment, company status and professional standing, a review of essential policies, staff / personnel and process linked to teaching learning and assessment, learner numbers and provisions, an assessment of the subcontracting partners ability to deliver a high quality provision (including previous success rates / Ofsted grade) and the experience of delivering planned provisions.

All Subcontractors must be on the ESFA Register of Apprenticeship Training Providers (RoATP) and Register of Training Organisations (RoTo) or subsequent registers. Key Training will only contract with Subcontractors who are confirmed as being on these Registers.

In stage 3, of the Due Diligence process subcontracting partners are assessed / risk rated.

Key Training will continue to strategically review all subcontracting arrangements, in relation to its strategic aims, funding allocations and performance throughout the year, thereby reducing the exposure to risk of poor performance by other organisations.

Management Fee

The management fee, ranges from 20 to 15 percent and is dependent on risk rating of the provider following the due diligence assessment process (due diligence - stage 3). The management fee charged by Key Training is linked directly to the costs for effectively identifying, selecting and managing all subcontracted provision. This includes the expected amount of auditing, monitoring contractual performance and compliance, and will ensure quality assurance criteria are met in line with the individual subcontractors' agreement.

Factors that influence the management fee charged include, but are not limited to:

- The type of provision / experience in the delivery to be contracted
- Historical quality performance
- Previous contract delivery
- Site of provision
- Experience of the provider / outcomes of external Quality Assurance eg Ofsted
- Financial Status

All of the above impact on the amount of support and development needed and the frequency of visits / support. Any new subcontract partners will be informed of their initial risk rating.

Management fees will be deducted at source and Key Training Limited will make monthly payments to providers based on the current submission of data and supporting evidence to validate learning delivery.

All funding claims must comply with the current Education Skills Funding Agency Funding Rules and the terms of the agreement between Key Training Limited and the delivery partner (subcontractor).

Where funding claims cannot be substantiated, Key Training Limited will adjust or reclaim any funds from the sub-contractor, and where required make an appropriate repayment to the Education Skills Funding Agency.

Subcontractor Support and Capacity Building

Key Training Limited has a responsibility to support all delivery partners (subcontractors) to develop and deliver a high quality provision that meets the needs of learners and exceeds the expectation of employers where applicable. The management fee deducted from allocated funds is used directly to provide a comprehensive programme of support and compliance measures to ensure that public funds are protected and used effectively, and partners are supported to develop their provision and extend their business.

The exact mix of support will vary dependent on the needs to individual delivery partner (subcontractors), but all organisations can expect to benefit from the following;

- Designated Contract / Partnership manager
- Matrix accredited advice and guidance
- Contract review and performance monitoring support
- Curriculum development support
- Funding, MIS, audit and submission of data return
- Existence and Eligibility Checks
- Preparation for External Inspection
- Quality Assurance and Enhancement Support
- Safeguarding training and support
- Access to Key Training Limited staff development activities
- Self-Assessment & Quality Improvement Support
- Teaching and Learning Observations
- Unannounced and Announced Visits

As the Prime Provider, Key Training retains clear and transparent accountability for the quality of training provision, and will ensure high-quality provision by ensuring appropriate controls are in place to manage the learner experience and attain value for funded money.

Quality assurance will ensure continuous improvements in the quality of teaching and learning. This will be achieved through the sharing of effective practice across the supply chain for example through subcontractors attending / undertaking College CPD and training and through the Self-Assessment Report (SAR) process.

Payment Terms

Key Training Limited makes payment to sub-contractors following successful data upload via the ILR return to the Education Skills Funding Agency. Payment is subject to the correct evidence and data being provided to Key Training Limited by the agreed monthly deadline.

Payments to subcontractors will be made in accordance with the agreed payments schedule in the Subcontract agreement. These payments will be reconciled against actual funding amounts calculated from the Provider Funding Report which is directly created from the ILR.

Key Training Limited will notify partners of any required changes to these deadlines. Key Training Limited reserves the right to withhold up to 20% of the payments due to the delivery partners (subcontractors) until the outcomes of internal and external audit and a review of Key Performance targets is completed. Monies will be released on validation of targets being met at period 14. The audit holdback will be payable following internal and/or external audit at the point of completion of the contract. Full details of payment arrangements for each delivery partner are included in each individual contract. Any amendments will be based on guidance by the current version of the ESFA Funding Rules.

Complaints and Disputes

Concerns and complaints will be referred to the Head of Partnerships and Projects. Where disputes with subcontractors cannot be resolved through mutually agreed internal resolution procedures, the Key Board will provide a further level of arbitration.

Contract documents will require both parties to 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 an effective delivery partnership.

Review and Publishing of this Policy

This Subcontracting Management Fees Policy will be reviewed annually in conjunction with the newest version of the Funding Rules from the Education and Skills Funding Agency or any successor organisations.

This Policy will be approved by the Key Training Governing Body (Board) and published on the Key Training Website by the ESFA deadline (31st October annually).

Supporting documentation and further reading

- ESFA Adult Education Budget (AEB) – Funding and management rules (2021-2022)
- ESFA Apprenticeship funding and performance management rules (2021 - 2022)
- ESFA Funding guidance for young people (2021 – 2022)
- ESFA Funding guidance for young people – Subcontracting controls (2020 – 2021)
- ESFA Subcontracting controls guide for (2019 - 2020)
- Subcontracting funding rules for ESFA funded post-16 funding (excluding apprenticeships) 2021 to 2022 Published 15 June 2021
- [Subcontracting funding rules for ESFA funded post-16 funding \(excluding apprenticeships\) 2021 to 2022 - GOV.UK \(www.gov.uk\)](http://www.gov.uk)
- LSIS Supply Chain Management – Good practice guide for post 16 skills sector (2013)
- AOC/AELP Common Accord. Guidance
- Subcontracting ESFA post-16 education and training for the first time –Published 16 June 2021
- Ofsted Education inspection framework – GOV.UK (www.gov.uk)
- Best Practice Guidance for a Relationship between a Prime Provider and a Subcontractor (AELP et al, March 2018)

Operations Director: **Wendy Shepherd**

Signed: 



THE KEY TO SUCCESS