

## Subcontracting Supply Chain, Fees and Charges Policy 2017-18

### 1. Scope

This Subcontracting Supply Chain, Fees and Charges Policy is a mandatory requirement that must be in place prior to participating in any subcontracting activity from 1 August 2017. The content of this policy has been developed in line with the Education and Skills Funding Agency (ESFA) Funding Rules.

This policy relates to activity funded through the ESFA whereby ITEC enters into a subcontracting agreement with a supplier for ESFA Apprenticeship and other funding activity, recruitment and delivery.

This policy provides transparency for all subcontractors, funding bodies and other associated parties or individuals regarding the procurement, due diligence process, support and charging rationale related to subcontracted provision under ITEC's direct contract with the ESFA.

### 2. Rationale for Subcontracting

ITEC 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 neighbouring and wider local communities.

ITEC uses subcontractors to widen participation amongst learner groups that it would otherwise be "hard to reach" and other individuals that face barriers to participation in learning and work.

ITEC uses subcontractors to extend the breadth of its provision, broadening the range of sector subject areas or business sectors that can be covered.

However, provision will only be subcontracted where due diligence has been undertaken that demonstrates the subcontractor can reasonably be expected to deliver provision in accordance with ITEC's quality standards and where the subcontractor has similar values regarding the provision of education and training.

### 3. Quality Improvement

Where necessary, ITEC will provide observation, advice, support and training across a wide range of areas to enable effective and high quality provision to be delivered, including:

- IAG and Teaching and Learning
- Equality and Diversity
- Safeguarding including PREVENT
- Health and Safety
- Compliance with Legal and Financial Requirements
- Administration
- Learner Support
- Monthly one to one meetings with the subcontractor

In addition, the contract between ITEC and a subcontractor will:

- Include clear information concerning price, programmes to be delivered and contract duration;
- Require the subcontractor to provide all information necessary to enable a full assessment and review of the quality of provision by ITEC or the Funding Agencies;
- Require compliance with ITEC's policies and procedures, especially regarding safeguarding;

- Ensure subcontractors have appropriate policies and procedures in place to fulfil safeguarding obligations and duties under PREVENT;
- Ensure subcontractors develop an effective Self-Assessment Plan (SAR) and Quality Improvement Plan (QIP);
- Contain clear provisions that enable ITEC to terminate the contract where the subcontractor has not delivered in accordance with requirements.

#### **4. Management Fee**

ITEC will typically retain a Management Fee of between 10% and 20%.

The Management Fee is calculated based on the level of resource required to manage the relationship effectively, ensuring funding returns and requirements are met and to ensure that the high quality of delivery to learners is maintained.

ITEC reserves the right to increase the management fee to 30% where significant underperformance and/or intervention is required in the management of subcontractors.

#### **5. Payment Terms**

ITEC will pay the subcontractor in accordance with the terms specified in its contract. Payments will only be made in relation to provision for which funding can be obtained from the ESFA.

Payments will only be made on actual delivery evidenced through the ILR. A monthly financial reconciliation will take place to ensure payments are made in relation to actual delivery Year to Date (YTD).

Following the monthly reconciliation, the subcontractor will be provided with the relevant evidence and requested to submit an invoice.

Payment to the subcontractor will be made no later than 10 working days following receipt of the subcontractor invoice.

ITEC reserves the right to restrict payments to the contract's maximum funding value.

#### **6. Communication**

This Policy will be communicated to and discussed with subcontractors as part of the contract review process. Any proposed changes to the Policy will be circulated to subcontractors for the purposes of consultation. Where an ILR is submitted by the contractor, payment terms and ILR cut off dates will be communicated to the subcontractor to ensure timely and accurate data returns.

#### **7. Policy Review**

In accordance with ESFA Funding Rules, this Policy will be reviewed at least annually. Should the ESFA Funding Rules, or any other supporting documentation affecting subcontracting, change then this Policy will be amended accordingly.

#### **8. Publication**

This Policy will be made available on ITEC's website.

Approved and signed on behalf of the Board of Directors.

Clare Flower  
Chair for Board of Directors

