



SCCU
group

SUBCONTRACTING FEES AND CHARGES POLICY

SCCU LIMITED
VERSION 5.0

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Version Control

VERSION	REVIEWER NAME	DATE	NEXT REVIEW	COMMENTS
4.0	Liam Morrissey	August 2021	01/08/2022	Update to previous.
5.0	Liam Morrissey	August 2022	03/07/2023	

Introduction

1. This policy relates to supply chain activity supported with funds supplied by the Education and Skills Funding Agency (ESFA) or any successor organisations.
2. In this document, the SCCU Ltd position on the rationale, quality assurance, and charges relating to subcontracting are defined.

Scope

3. This policy only applies to ‘provision subcontracting’, which is subcontracting delivery of full programmes or frameworks and does not apply to the delivery of a service as part of the delivery of a programme (for example, buying the delivery of part of an apprenticeship framework, enrichment, or outreach support).
4. This policy is an operational positioning document that aligns with compliance requirements and applies to the leadership team of SCCU Ltd.

Context

5. The policy is now a mandatory requirement that has been in place before participating in any subcontracting activity since the 2013/14 funding year.

Overarching Principle

6. SCCU Ltd will use its supply chains to optimise the impact and effectiveness of service delivery to the end-user and will therefore ensure that:
 - A. Supply chain management activities comply with the principles of best practice in the skills sector. In particular, they will be guided by the principles given in the LSIS publication “Supply Chain Management – a good practice guide for the post-16 skills sector” (Nov 2012 and subsequent iterations)
 - B. SCCU Ltd will at all times undertake fair and transparent procurement activities, conducting robust due diligence procedures on potential subcontractors to ensure compliance with the Common Accord at all levels and to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learner lives.
 - C. The funding that is retained by SCCU Ltd will be related to the costs of the services provided. These services, and the levels of funding being retained for them, will be clearly documented, and agreed upon by all parties. The rates of such retained

funding will be commercially viable for both sides and will be negotiated and agreed fairly and transparently. They will be proportionate to the actual services being provided.

- D. Where disputes between supply chain partners cannot be resolved through mutually agreed on internal resolution procedures, SCCU Ltd will submit to independent outside arbitration or mediation and abide by its findings. 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 are undertaken to build, maintain and develop supply chains will be conducted in good faith following the Overarching Principle.

Rationale for Subcontracting

7. SCCU Ltd engages with subcontractors to better meet customer needs.
8. Reasons are varied but include:
 - To provide immediate provision whilst expanding direct capacity. This might include working with subcontractors to explore and learn about new frameworks or sectors before investing in resources.
 - Providing access to, or engagement with, a new range of customers.
 - To meet a specific local community need.
 - To support another provider to develop capacity/quality.
 - To provide niche delivery where the cost of developing direct delivery would be inappropriate.
 - To support employers with a wide geographic requirement.
 - To support another provider to remove barriers to work and training for different groups.

Quality Assurance

9. Subcontracted provision is an important part of SCCU Ltd activity.
10. The quality of all subcontracted provisions will be monitored and managed through the existing Quality Assurance (QA) processes and procedures, as amended to fully encompass all subcontracted activity.
11. To enable continuous improvements in the quality of teaching and learning for both SCCU Ltd and its subcontractors, SCCU Ltd will seek to promote the sharing of effective practice across the supply chain, for example through the Self-Assessment Report process.

Fees Retained by SCCU Ltd

12. The standard management fee is 20% of all funding drawn down against the provision to be delivered. This figure represents the total cost that SCCU Ltd incurs in effectively identifying, selecting, and managing all subcontracted provisions.
13. This includes the minimum amount of QA activity that the College would attach to the lowest possible risk subcontractor.

Difference in Fees Retained by SCCU Ltd

14. Fees charged to individual providers may differ. Fee differences would cover additional costs which may be added to the base 20% fee to cover any additional support that the College deems necessary to ensure the quality of teaching and learning and the success rates of any subcontracted provision.
15. SCCU Ltd will only subcontract provision to prospective partners deemed to be of high quality and low risk.

Additional Charges to Subcontractors

16. SCCU Ltd may also retain funding to cover the cost of any funded activity that it might undertake on behalf of the subcontractor such as:
 - Awarding Organisation fees and charges.
 - The hiring of facilities/equipment within/from SCCU Ltd.
 - Internal Verification.

- Marketing.
- Recruitment.

Support for Subcontractors

17. In return for the management fee retained by SCCU Ltd, all Subcontractors will receive:

- A designated Partnership team.
- Regular contract review meetings.
- Inputting of submitted paperwork.
- Data checks and support to resolve data queries.
- MIS returns completed.
- Monthly funding reports.
- Access to learner support.
- Regular performance and quality visits.
- Audits of paperwork, processes, and procedures.
- Ongoing support to address areas for improvement.
- Support on key quality processes such as self-assessment report (SAR) writing.
- CPD opportunities which may be face-to-face or digital.
- Updates regarding funding and policy guidance.

Additional Support for Subcontractors

18. The precise additional support given to each subcontractor according to their risk banding will be negotiated with that subcontractor but could include:

- Additional site visits.
- Additional lesson observations.
- Additional tutor support.
- Additional funding and compliance support.

Payment Terms

19. The standard payment terms are monthly in arrears based on actual delivery recorded on the SCCU Ltd ILR.
20. Full details of payments are included within the contract between SCCU Ltd and subcontractors which are summarised below:
 - SCCU Ltd and the subcontractor will agree on a maximum contract value the details of which will be detailed in appendices to the contract.
 - SCCU Ltd will pay the subcontractors monthly payments which are calculated using the 'Monthly Apprenticeship Funding Report' to take into account funding generated to date, the management fee, and payments to date.
 - In line with the ESFA funding methodology and formula, 20% of the total funding is withheld until evidence of achievement is received.
 - Invoices are payable within 30 days of the date of issue.
 - SCCU Ltd expects subcontractors to fully assess the accuracy of payments and to have a responsibility to review their monthly financial reports to identify any inaccuracies.

Publication and Communication

21. SCCU Ltd will ensure all actual and potential subcontractors have sight of this policy. It will be published on the SCCU Ltd website during the July before the start of the academic year in which it will be applied, and potential subcontractors will be directed to it as the starting point in any relationship.
22. Alongside this policy, SCCU Ltd will also publish the actual level of funding paid and retained for each of its subcontractors insofar as this relates to 'provision subcontracting'.