

**SUBCONTRACTING SUPPLY-  
CHAIN FEES AND CHARGES  
2023/24**

# Subcontracting Supply-Chain Fees and Charges 2023/24

**Policy Owner:** Resources Committee  
**Date Approved:** 19 October 2023  
**Next Review:** July 2024  
**Responsibility for Review:** Interim Executive Head of Resources  
**Policy Review Frequency:** Annual

Applicable to staff: Yes/~~No~~  
Applicable to students: ~~Yes~~/No  
Publish on College website: Yes/~~No~~

## Consultation:

Undertaken with:	Yes/No:	Date:
Committee/Board	Resources Board	5 October 2023 19 October 2023
ELT		
CMT		
Unions		
Students		
Employees		
Employers/Stakeholders		

## Any Associated Documentation, for Reference:

--

**ELT SIGN-OFF:** Iain Stott, Interim Executive Head of Resources



## **INTRODUCTION**

The Education and Skills Funding Agency include in their Subcontracting funding rules for ESFA funded post-16 funding (excluding apprenticeships) 2023 to 2024 a requirement that all providers must publish their supply-chain fees and charges and the actual end-of-year supply-chain fees and charges.

This fees and charges information should only include 'provision subcontracting'.

The rules require that:

- All subcontractors must register on the UK Register of Learning Providers (UKRLP) and hold a valid UKPRN to be able to receive funding through a subcontracting arrangement
- There must be a legally binding contract with each subcontractor
- Preston College may only award contracts 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
- Approval from the ESFA must be sought if any second level subcontracting is proposed, which is only approved in exceptional circumstances

Preston College will carry out appropriate pre-contract and due diligence checks, along with determining the capacity and capability of any proposed subcontractor prior to the award of any subcontract.

Preston College retains full accountability for contract delivery.

## **COLLEGE STATEMENT**

Preston College is committed to extending and diversifying the range and accessibility of courses it delivers to enhance the opportunities available to young people and adults, fill gaps in niche or expert provision, support better geographical access for learners, offer an entry point for disadvantaged groups or support individuals who share protected characteristics, where there might otherwise be gaps. It also enables engagement with learners who may not ordinarily consider attending formal learning environments. In order to achieve this, the College has taken the strategic decision to subcontract part of its provision to partner organisations who can demonstrate high quality delivery and excellent success rates.

## **REASONS FOR SUBCONTRACTING**

Preston College has successfully subcontracted a range of provision through selected partners for many years.

The provision has included classroom based and workplace delivery from entry level through to level 3, to both 16-18 year olds and adults.

All proposed subcontracting arrangements will be considered carefully to ensure that it is in best interests of all parties.

Preston College will ensure that:

- The proposed delivery is in the best interests of learners and employers (where

applicable)

- The proposed provision fits with its mission, objectives and values
- There is sufficient expertise within the College to quality assure the provision
- There is sufficient staff resource in support areas to administer the process
- The Subcontractor is approved via our due diligence process
- The Subcontractor agrees to work within the terms of our contract, and that a signed contract is in place

## **IMPROVING THE QUALITY OF TEACHING AND LEARNING**

Subcontracted partners will be expected to meet Preston College's quality assurance standards with the College being committed to supporting, developing and sharing good practice and professional development of staff through quality reviews, operational meetings, observations of teaching and learning and learner and employer feedback.

Subcontracted provision is a fundamental part of Preston College's provision. The quality of the provision will be monitored and managed through our existing quality improvement process within the College's Self-Assessment Report/Quality Improvement Plan process, ensuring continuous improvement in all parts of the learner journey.

## **MANAGEMENT FEES**

Preston College retains a management fee from Agency funding earned from the provision delivered by all subcontracted partner organisations, and this typically ranges from 15% to 20% and will always include the cost of the procurement process and the management of the contracts. The cost of resources provided and awarding body charges would be in addition. The percentage may be higher where there is co-teaching (but will be specific to the relevant sub-contract and delivery arrangements).

The exact mix and level of support for each Subcontractor will vary depending on the needs and level of support required for the individual Subcontractor, the experience of the Subcontractor, their track record, success rates and level of risk as determined by the due diligence process.

The management fee to be retained will be determined based on a number of factors and costs that may include:

- Funding retained for quality assurance and oversight
- Funding retained for administrative functions such as data returns
- Funding retained for mandatory training delivered to subcontractor staff by the directly funded provider
- Clawback for under delivery or other reasons
- Support with funding rules compliance
- Audit of management systems and delivery
- Announced and unannounced spot visits
- Teaching, Learning and Assessment observations and coaching
- Safeguarding of Young People and Vulnerable Adults procedures
- Health and Safety compliance
- Guidance, procedure and process development

- Provision of resources (where required)
- Regular updates regarding funding and policy guidance
- Geographical location of the subcontractor and the delivery locations

The figures shown in the table below will be dependent on the number of learners and the varying awarding body costs.

Cost Category	Item/Post Holder	Annual Salary (inc on-costs) (1 FTE)	Non-Pay Costs
Curriculum	Head of School	75,421	
Curriculum	Lecturer	51,325	
Curriculum	Student Manager	35,144	
Quality	Quality contact and observations	77,686	
Quality	Quality contact and curriculum area reviews	56,097	
Contract Management	Vice Principal: Curriculum Delivery & Planning	129,860	
Contract Management	Interim Executive Head of Resources	111,298	
Contract Management	Interim Head – Funding and Data Services	69,328	
Contract Management	Team Leader - Audit, Returns & Subcontracting	35,144	
Contract Management	Assistant Team Leader - Audit, Returns & Subcontracting	30,871	
Contract Management	Administrator - Audit, Returns & Subcontracting	29,655	
Exams	Team Leader - Exams	39,497	
Exams	Assistant Team Leader - Exams	32,325	
Finance	Head of Finance	82,799	
Finance	Management Accountant	63,442	
Finance	Finance Officer	31,683	
Safeguarding	Safeguarding Manager	56,354	
Welfare	Welfare Officer	33,222	
Software	ForSkills (£1.50 per test per subject)		£1.50
Consumables	Exam card envelopes (50p each) & Postage (£1.85)		Various
Exam Fees	Awarding Organisation Costs £44-£250		Various

## **PAYMENT ARRANGEMENTS**

Payments will be calculated by Preston College in line with the subcontract.

Payment terms will be agreed during pre-contract discussions, and may differ depending on the length of the contract, the value of the contract, and the type and length of the provision being delivered.

Payments may be made monthly, bi-monthly or termly, but always in arrears.

Payments will be made at the end of the month, based on the Individualised Learner Record (ILR) data that is processed and uploaded to the ESFA by Preston College, in accordance with their published timetable.

Following validation of the data in the ILR return and supporting evidence, the College will make the appropriate payment to the Subcontractor based on the level of income calculated by the validation process in that month, less the agreed management fee.

Preston College operates a process where payments are calculated and paid directly and therefore Subcontractor invoices are not accepted.

Payments are made by BACS, and Subcontractors will be required to provide a letter confirming their bank details (once only).

Preston College expects that Subcontractors will fully engage in the assessment of accuracy of payments and they therefore have the responsibility to review their monthly/bi-monthly/termly remittance advices to identify any inaccuracies.

## **COMMUNICATION AND PUBLICATION OF THIS GUIDANCE**

This Guidance document is available on-line at <https://www.preston.ac.uk/the-college/policies-and-procedures/> and can be made available in alternative formats or languages upon request.

All relevant College Managers who work with Subcontractors will also receive a copy of this guidance document.

For any new, potential subcontracting arrangements, this guidance document will form an integral part of the pre-contracting discussions.