

**Subcontracting  
Funding, Retention & Charges Policy  
2023-2024**

<b>Policy Title:</b> Subcontractor Funding Retention & Charges Policy	<b>Staff Member Responsible:</b> Director of MIS
<b>Version:</b> Final	<b>Review Date:</b> July 2024

## 1. Introduction

- 1.1 The South Thames Colleges Group (STCG) is committed to work in a way, which responds to the interests and demands of the local communities it serves. This may include working in partnership with sub-contractors where it can be demonstrated that this would deliver extra value to learners and employers.
- 1.2 Please see appendix, A which contains the Subcontracting Strategy for South Thames Colleges Group and Appendix B which contains a list of the sub contracting partners approved in June 2022 by the Governors Board.
- 1.3 The Group has historically used subcontracting as a route to support the delivery of its Adult Education Budget (AEB) and Apprenticeships. The effectiveness of this for AEB has been largely positive in terms of delivery volumes and for Apprenticeships, these partnerships were ill conceived three years ago and are being run out as ongoing work is being carried out to make them as compliant as possible. A new innovative delivery model has been put in place for Mammography.
- 1.4 During the Summer Term 2019 a review of all of our subcontracting activity was undertaken, and the Strategy at Appendix A was developed and agreed which reset our strategic approach to be consistent with the Group's Mission and Vision "to ensure all our students and partners succeed and progress, making their prospects better". This also took in Government recommendations one of which was to see a reduction in subcontracting.
- 1.5 The 2023 strategy reflects a return to utilising sub contracting to support AEB delivery.

## 2. Purpose of the College Group's sub-contracting activity

Three major factors were considered when developing our sub-contracting strategy for the future:

- 2.1 The introduction of commissioned AEB, splitting the funding allocation between in-London and out-of-London programmes'
- 2.2 The requirement to comply with regulations governing public procurement and delivery models.
- 2.3 The requirement from Government for all colleges to review their current subcontracting activities to ensure that they were purposeful, appropriate and provide added value to learners.
- 2.4 In addition to the above, this strategy recognises there may be community-based organisations with specialist local knowledge that the Group may wish to partner with to reach specific cohorts of students who may not otherwise access learning and with whom the Group may seek to develop its provision to meet a local or specialist curriculum demand.

- 2.5 The Group will only sub-contract where there is no evident 'conflict of interest'.
- 2.6 The maximum amount of subcontracting the Group will consider will be decided on an annual basis according to the needs of the Group.

### **3. Partner Selection**

- 3.1 South Thames Colleges Group will comply with any obligations it has as a public body in the selection and procurement of sub-contracted services. It will, and has followed, an open and transparent process in the selection and assessment of sub-contractors.
- 3.2 A new process of selection took place in Autumn 2019, with outcomes published in January 2020, which were fully compliant with its obligations under the Public Procurement Regulations 2015. This process successfully attracted interest and applicants to join STCG's new Framework Agreement of preferred suppliers in relation to future opportunities (6th January 2020 – 5th January 2022 - with the option to extend for a further period, or periods, not exceeding 24 months from the end of the initial contract term) to deliver education services. Appendix B provides details of those organisations successfully appointed to the Framework in June 2022.
- 3.3 As part of the selection process a "mini competition" was launched, available only to those organisations on the new Framework Agreement, to award contracts for the delivery of the Group's unallocated 2023/2024 Adult Education Budget.
- 3.4 Sub-contracting partners for 2023/24 were selected from the new Framework Agreement of preferred suppliers and a mini competition process similar to that of January 2020 applying the broad principles of identified need. Appointment was subject to an acceptable assessment by the Group via its mini competition process, which included a due diligence process and the supply of all the relevant information requested to enable the assessment to whether the sub-contractor meets the various standards and conditions it requires.
- 3.5 The final part of the mini competition process will include a site visit to the proposed partner, a review of their Single Central Register, and may include a review of the provider's systems and procedures and possibly a quality observation of an induction, support, assessment, or delivery activity.
- 3.6 All potential non-GLA sub-contractors must be listed on the Education and Skills Funding Agency. (ESFA) Register of Training Organisations if they already hold contracts with an overall value of £100,000, or if the sub-contract with the College is profiled to exceed £100,000. Organisations holding contracts of £100,000 or more will not be considered until such time that they successfully register with the ESFA.
- 3.7 The Group Principal (as the senior accounting officer) and the Governing Body must authorise the appointment of all sub-contractors. This approval will be considered based upon recommendations arising from the Group's sub-contracting procurement and due diligence process.

### **4. Delivery requirements, contract compliance and quality monitoring**

- 4.1 The College is responsible for the actions of its delivery subcontractors connected to, or arising out of, the delivery of the services, which we subcontract.

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4.2 The College is committed to continual improvement in teaching and learning, both in its own direct provision and in its sub-contracted provision. A range of approaches is employed to do this, such as lesson observations, learning walks and self-assessment. The sub-contractor will be required to comply with the functions and activities in the Group's Subcontractor Quality Improvement Handbook.

4.3 The STCG does issue its Subcontracting Procedures Manual to each sub-contractor. The manual is updated regularly and sets out the detailed requirements of the sub-contractor and the processes and procedures that they must comply with.

4.4 Subcontractors must achieve 90 % achievement rates for AEB and 75% for apprenticeships.

## 5. Contingency Plan

The Group will undertake all reasonable steps to ensure the successful continuation of its subcontracted arrangements.

To mitigate risk, the Group will ensure that:

- robust due diligence is undertaken to ensure the risk of failure is low at the point of contracting.
- approval is sought from the Greater London Authority (GLA) or the Education & Skills Funding Agency (ESFA) for all new subcontractors.
- monitoring arrangements are in place to ensure any risk of failure is mitigated throughout the duration of the contract.
- analysis of subcontractor performance, including an assessment of the subcontractors quality. outcomes and financial health, is undertaken at least annually (or more frequently as required).

In the unlikely event that a subcontractor is unable to deliver, the Group will either pick up delivery through its own Colleges or facilitate a transfer to another provider.

## 6. Fees

6.1 Standard Fee - This fee is applied to all sub-contracted contracts and is the proportion of funding retained by the Group to cover its costs associated with sub-contracted provision. The fee includes costs associated with:

- Management and Administration.
- Quality assurance and monitoring.
- Data collection, recording and the submission of funding claims
- Due Diligence, support, guidance and checking.
- Training and Development – including access to College CPD activities.

6.2 The size of the standard fee is determined by the contract value of the sub-contracted provision. We will operate a tapered management fee structure payable for all delivery regardless of the specific funding stream. The fee structure is built around the levels of support required and will be based on the size of the sub contracted sum. The management fee charged for sub-contracted provision will be 20% of the sub-contracted value. Additional fees may be charged for:

- Accommodation costs if delivery is on College site(s).
- Registering learners with awarding bodies and the cost of examination fees.
- Increased Quality Assurance Audits if provision is new or is underperforming.

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- Additional support necessitated due to sub-contractor's poor performance (in relation to delivery of provision, poor success rates or administration processes linked to provision).
- STCG delivered parts of the provision.

6.3 All fees will be agreed with sub-contractors prior to the issuing of contracts and will be reviewed prior to annual re-contracting.

## 7. Payment

7.1 All sub-contractors will be subject to a monthly retention figure, which would normally be 10% of earnings to enable compliance checks to be undertaken prior to finalisation of the ILR return. This retention will be released in November, following the July academic year final ILR submission of Period 15.

7.2 Upon receipt of satisfactory evidence, STCG will make payments in two tranches. This payment will be made by BACS transfer. However, if any supporting evidence is queried by the STCG then payment will be withheld until these queries are resolved, and payment will then be made at the earliest possible opportunity.

7.3 There maybe clawback for under delivery or other reasons'.

## 8. Monitoring and review

8.1 The Group will review this policy annually. This review will take place in June of each year, and any policy revisions will be approved by the Governing Body and once approved will be published prior on the Groups website prior to the commencement of the next academic year.

8.2 Any changes to the policy will be communicated to existing sub-contractors at contract management meetings. Furthermore, the Group will distribute a copy of this policy to all potential new sub-contractors and discuss it with them as part of the Group's pre- contracting process.

8.3 An up-to-date copy of this policy will be posted on the College's website. Paper copies of the policy will be made available on request.

Signed by the Accountable Officer \_\_\_\_\_

Name: \_\_\_\_\_ Date: \_\_\_\_\_

Signed on behalf of South Thames Colleges Group (Corporation): \_\_\_\_\_

Position: \_\_\_\_\_ Date: \_\_\_\_\_

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<b>Reference Version</b>	1.0
<b>Policy Organiser/owner</b>	Director of Management Information Services
<b>Owning department:</b>	Management Information Services
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<b>Audience:</b>	Governors, Staff & Sub-contractors

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## Appendix A



Carshalton  
College

Kingston  
College

Merton  
College

South Thames  
College

### 1. Subcontracting Strategy for South Thames Colleges Group 2023-2024

STCG will move forward with its new Group Strategic Plan for 2021-24. The key emphasis in the new vision is to be an exceptional Further Education provider, leading our sector in London and beyond. A goal of the Group's Strategic Plan is to sustain effective partnerships, that attracts new students and develops new pathways to success. Sub-contracting is currently part of the Groups delivery option to achieve this goal working with organisations strategically to deliver to learners we would not normally attract.

### 2. Overview of Subcontracting and partnership activity

The Group's subcontracting provision is a route to engage with learners who we would not traditionally attract, through strategic partnerships using its GLA Adult Education Budget and ESFA Apprenticeships funding.

In line with the Governments educational requirements, the strategy will be reviewed on a yearly basis for approval by the Corporation. The Subcontracting Strategy for 2023/24 has been mapped to the current educational policy received from the GLA, funding allocations and rules, and includes the following three areas:

- AEB yearly funding allocations (inner London and outer London) and the percentage below 25%
- The requirement to comply with current regulations governing public procurement and the College's financial regulations
- The requirement from the Government for all colleges to review their current subcontracting activities to ensure that they purposeful, appropriate and provide added value to learners.

This strategy recognises there may be community-based or other organisations with specialist local/regional/national knowledge that the Group may wish to partner with to reach specific cohorts of students who may not otherwise access learning and with whom the Group may seek to develop its provision to meet a local/regional/national or specialist curriculum demand.

The Group's subcontracting activity has been reviewed and the following parameters agreed that are inline with subcontracting reforms and the Groups standards and expectations:

- Ensure that subcontracted provision is below 25% per annum in any given income stream
- Continue to be fully re-procured on a yearly basis during which it is tested against the Group's strategic expectations in terms of quality, financial viability, student safeguarding, curriculum relevance and demand.

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- AEB subcontracted provision will be focused on priorities, based around the Mayor's sectoral and social priorities, as set out in the 'Skills for Londoners' strategy and the new Mayor's Adult Recovery Plan.
- For Apprenticeship provision, the Group will support the completion of existing Apprenticeship programmes and not recruit any more Apprentices via sub-contractors. It will continue with its St George's NHS Trusts Apprenticeship subcontracting delivery, which supports a national skills and jobs shortage around trained Mammographers.
- All new providers are subject to joining the STCG Subcontracting framework February 2022, if they need to comply with Public Procurement Regulations.
- The Group will work with sub-contractors that can bring enhanced or specialist employer engagement, expertise, facilities or resources the Group does not have but that will support the Group to engage with employers and meet their training needs.
- The Subcontracting Strategy will be signed off by Governors yearly and published within its Funding Retention & Charges Policy on the college website.
- The engagement of all subcontracted provision will comply with Government guidelines as they are published within the GLA and / or ESFA Funding Rules 2023/24, and accompanying documents.

### 3. STCG's model of delivery

The group's model for delivery will demonstrate in all cases:

- the strategic value of the partnership with the subcontractor(s) and employer(s)
- the delivery of high quality provision
- that the provision safeguards students or Apprentices effectively
- that the programme is value for money
- that the partnership realises the skills and training requirements for the employer whether on a local or when appropriate a national level.

### 4. Subcontracting geographical delivery arrangements

#### 5.1 Greater London Authority Area (GLA)

Subcontracting will be focused inside the GLA geographical area where appropriate, depending on strategic fit, employer demand and funding availability. It will be consistent with the aims of the Mayor of London's 'Skills for Londoners' strategy and Adult Skills Recovery Plan.

#### 5.2 National Focus

National subcontracting will only be considered currently if it falls into the two following areas:

##### 5.2.1 Regional proximity to College-based provision

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Learners who live on the outskirts of London and who may travel into the GLA area for employment should be able to access high quality education and training to support their employment and potential contribution to the economy of south-west London. STCG will seek to fund provision on the fringes of south-west London, particularly in Surrey and other neighbouring home counties where relevant. In these cases, part of our purpose will be to enhance progression and employment opportunities and we will work with our sub-contracted delivery partners to add to the students' opportunities through additional guidance inputs.

#### **5.2.2 Provision that is part of a local provider that has **national centres****

STCG will consider subcontracting at a national level with a large employer who operates within the Group's sub-region but also has centres across the country (or partner organisations e.g. NHS), but not in devolved areas. This will be in order to meet the specific requirements of a national employer both regionally and nationally where appropriate.

### **5. The procurement of subcontracting partners**

The Group has a subcontractor Framework in compliance with the Public Procurement regulation, It will also comply with STCG Financial Regulations.

The types of provision that STCG will subcontract will depend on ESFA and GLA rules and guidance and on the local/regional/national requirements to ensure public funds are properly and effectively spent, maximising the benefit for learners

Sub-contractors for AEB provision are invited yearly to bid in a Mini Tender process, which involves a rigorous due diligence process.

All sub-contractors both new and existing are required to implement the Subcontractors Quality Assurance & Improvement Handbook documents prior to contract commencement.

The funding streams that could be subcontracted out would be through the following:

- **Adult Education Budget (AEB)** – through the GLA or ESFA
- **Apprenticeship Funding** – levy or non-levy through the ESFA
- **ESF projects**
- **Other bids or opportunities** - requiring a partnership model

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## Appendix B

### South Thames Colleges Group's

#### List of Approved Framework Providers from 2022

Name of organisation	Co Reg. No.
Aspire Sporting Academy Ltd	7265113
Constructive Futures Training Limited	8220004
Free to Learn Ltd	7347571
Groundwork London	4212532
Learning Curve Group Limited	5233487
Learning & Skills Solutions Limited	5897006
London Learning Consortium CIC	6322097
Prevista Ltd	3148833
The Construction Skills People Ltd	6616608
The Skills Network Limited	6445363
Workers' Educational Association	2806910

#### Subcontracting (for Apprenticeship not on the framework as below Public Procurement Regulations thresholds)

Name of organisation	Co Reg. No.
St Georges Trust NHS	3481144

Appendix C Sub-contract arrangements 2022/23							
Provider name	UKPRN	Start Date	End Date	Type of Provision	Contract Value £	% agreed to Partner	% agreed to College
Learning Curve Ltd	10008935	02/11/2022	31/07/2023	Adult Education Budget (GLA)	£800,000	80%	20%
The Skills Network Limited	10029308	02/11/2022	31/07/2023	Adult Education Budget (GLA)	£540,000	80%	20%
Aspire Sporting Academy Ltd	10032029	02/11/2022	31/07/2023	Adult Education Budget (GLA)	£322,990	80%	20%
Prevista Limited	10005204	02/11/2022	31/07/2023	Adult Education Budget (GLA)	£100,000	80%	20%
St George's University Hospital Foundation	10056943	01/08/2022	31/07/2023	Apprenticeships (ESFA)	£90,000	75%	25%
Cultural Capital Consulting Limited	10047129	18/5/2020	31/7/2023	ESF Continuing Participation Project – shared delivery with STCG (2020-23)	£156,800	90% 42% of output value	10%
Employment Education Training Group	10067805	18/5/2020	31/7/2023	ESF Continuing Participation Project - shared delivery with STCG (2020-23)	£313,600	90% 42% of output value	10%