



Dv8 Sussex
SUBCONTRACTING AND FEES
POLICY

Person responsible for ensuring this policy is implemented and reviewed in line with the dates below:	James Sharpe
Policy approved by	James Sharpe
Date policy was reviewed	1st September 2021
Next review date	August 2022

Supply Chain Charges and Fees Policy

1. SCOPE

- 1.1 This policy statement details how Dv8 Sussex will apply fees and charges to contracts with organisations that are subcontracted to deliver education services on Dv8 Sussex's behalf.
- 1.2 This document outlines Dv8 Sussex's Supply Chain Charges and Fees Policy for the 2021/2022 academic year.
- 1.3 This policy is published in line with ESFA requirements stated in Funding Rules 2021/2022.
- 1.4 This policy is published in line with Dv8 Sussex's statement of Curriculum Intent 2021/2022.

2. DISCLAIMER

- 2.1 Dv8 Sussex reserves the right to amend its subcontracting arrangements at any time in accordance with the terms and conditions contained in its standard contract for subcontracted provision.

3. POLICY DETAILS

3.1 Reasons for Subcontracting

- 3.1.1 Subcontracting to our Voluntary and Community Sector learning providers and other learning and skills delivery partnerships allows us to support the most disadvantaged groups and deliver services in a holistic manner.
- 3.1.2 Subcontracting, in particular to deliver niche provision, ensures that Dv8 Sussex offers a diverse range of high quality of teaching and learning provision in specialist areas which aligns with our curriculum intent.
- 3.1.3 Subcontracting ensures cost effectiveness of programme delivery on occasions when it may be desirable for Dv8 Sussex to run certain programmes, but it is not viable for Dv8 Sussex to build up in-house resources and expertise.
- 3.1.4 Subcontracting contributes towards the sustainability of Dv8 Sussex's provision overall, as it helps Dv8 Sussex to respond flexibly to changing market demands and emergent opportunities.
- 3.1.5 Subcontracting widens the range of training and progression opportunities for learners, to meet their own as well as local economic, skills and social needs in alignment with our curriculum intent.
- 3.1.6 Subcontracting provides good development opportunities for both Dv8 Sussex and its Subcontractors, to share good practice and new ways of working.

3.2 Process and Assurance

- 3.2.1 Subcontractors are selected using a standardised due diligence process that is

designed to support our rationale for subcontracting and provide assurance to our board, stakeholders and funders.

- 3.2.2 It is our policy and practice that any and all subcontracting adheres to funding and audit compliance rules, and we assert the right to administer and implement any and all necessary monitoring and controls to ensure that is so.

3.3 Dv8 Sussex's Contribution to Improving the Quality of Teaching and Learning

- 3.3.1 Dv8 Sussex ensures that Subcontractors are included in Dv8 Sussex's Quality cycle and are guided and supported by Dv8 Sussex to follow this process.

- 3.3.2 Dv8 Sussex provides mandatory training to Subcontractors that includes CPD focused on improving the quality of teaching, learning and assessment, writing Self-Assessment Reports (SAR) and Quality Improvement Plan (QIP)s.

Subcontractors then present the completed SAR and QiP in a meeting with Dv8 Sussex's Senior Management. Any actions arising are addressed in cooperation between Dv8 Sussex and the Subcontractor.

- 3.3.3 Subcontractors are expected to hold course centre approval in their own right and fully liaise with the awarding bodies. However, Dv8 Sussex will regularly review External Moderator reports submitted by Subcontractors and monitor any follow-up required.

- 3.3.4. Dv8 Sussex regularly validates the outcomes of Subcontractors' own quality monitoring processes

3.4 Fees Retained by Dv8 Sussex

- 3.4.1 The management fee charged by Dv8 Sussex is calculated as a percentage of the total delivery value agreed with the Subcontractor, subject to contract value. In specific circumstances we may also agree a fixed rate outcome related payment methodology.
- 3.4.2 The typical percentage range of fees retained by Dv8 Sussex to manage Subcontractors is between 20% and 30%.
- 3.4.3 The management fee is calculated using risk assessment of the following factors:
- Track record of the Subcontractor with regard to meeting success and funding targets
 - Length and history of previous contract relationship with Dv8 Sussex.
 - Financial standing of the Subcontractor
 - Anticipated demands of the contract on Dv8 Sussex's resources

4. Support and Monitoring Fee

A Support and Monitoring Fee will be retained by Dv8 Sussex in line with the Subcontracting and Fees Policy as shown on the Dv8 Sussex's website, policy section.

In return for the support and monitoring fee charged by Dv8 Sussex, Subcontractors will have in their individual contracts this section with the relevant percentages completed which will total between 20% to 30%. The breakdown of how this fee will be administered is in line with the table below:

Area of Support	% of Fee
Provide quality control over data submitted and input into data systems. Provide ongoing administration support including in-depth checks of evidence submitted and regular feedback on issues identified	36
MIS services including submitting ILR data to the ESFA, ongoing data checks and support to resolve queries, prepare PFR reports and upload to Sharepoint	8
Prepare financial reports and make Subcontractor payments	8
Undertake contract management (regular review meetings with progress reports, regular monitoring visits, ongoing support, specialised meetings as required i.e. SAR, contract compliance auditing (desk-top and on-site)	30
Undertake lesson observations and quality monitoring visits	12
Provide Continued Professional Development (audit compliance training, RaRpa, Self-Assessment Reports)	6

4.1 Support for Subcontractors

- 4.1.1 In return for the management fee charged by Dv8 Sussex, Subcontractors will receive:
- Advice and guidance at pre-contract stage
 - Regular review meetings with progress reports
 - Specialised meetings as relevant such as SAR presentation or contract planning meeting
 - Regular monitoring visits with detailed feedback identifying good practice and

- areas for improvement
- Mandatory audit compliance training delivered through workshops and on an individual Subcontractor basis
- Self-Assessment Report training
- CPD training to improve the quality of teaching, learning and assessment
- Ongoing administration support including in-depth checks of evidence submitted and regular feedback on issues identified
- Input of learner and programme documentation submitted
- Submissions of data to funding organisations
- Regular financial reports to inform contract performance monitoring
- Ongoing data checks and support to resolve data queries
- Ongoing support to address any areas for improvement

4.2 Payment Terms between Dv8 Sussex and its Subcontractors

- 4.2.1 Payment shall only be made for learning aims approved by Dv8 Sussex and outlined within Appendix 1 of the Contract. Any learning aims delivered outside of this are done at the Subcontractors own risk.
- 4.2.2 Payments will only be made once the funding for activity has been received by Dv8 Sussex from the relevant funding body
- 4.2.3 Payments to Subcontractors are calculated on a monthly basis, taking into account: the learners on programme, their qualifications, the funding generated to date, and any adjustments and payments to date.
- 4.2.4 In exceptional cases, Dv8 Sussex may agree profile-based payments with the Subcontractor, with regular reconciliations against actual funding. However, this approach is entirely at Dv8 Sussex's discretion.
- 4.2.5 For any funding to be generated for a given month, Subcontractors are required to submit fully audit compliant enrolment, on programme, and achievement evidence by a cut-off date specified in the Providers' Timetable (Appendix 3 of the Contract) for the current contract year. This is to ensure that the data is processed by Dv8 Sussex in time for the monthly ILR return and the subsequent funding calculation.

LATE SUBMISSION OF DATA AND AUDIT COMPLIANT DOCUMENTS IS LIKELY TO RESULT IN EITHER DELAYED OR NON-PAYMENT TO SUBCONTRACTORS

- 4.2.6 After each monthly payment, Dv8 Sussex will send monthly financials to Subcontractors, confirming the amounts due/paid.
- 4.2.7 There are potential funding capping points set by the funding bodies throughout the contracting year. If profiled allocations are exceeded payments will be capped in line with the withholding of payments by the funding bodies. Payment of capped amount will be dependent on the release of funds by the funding body.
- 4.2.8 Full details of payment arrangements are included in each Subcontractor's contract. These include the detailed schedule for evidence submission and monthly financials deadlines, with specific dates for each month.
- 4.2.9 Dv8 Sussex may withhold payment if there are quality, compliance and/or paperwork issues which have a funding and outcomes impact.

- 4.2.10 A progression fee for learners in line with the Payments and Reconciliation appendix within the contract.
- 4.2.11 Dv8 Sussex will clawback any overpaid amounts or disallowed funding as a result of compliance and audit checks undertaken by Dv8 Sussex and/or the relevant funding organisations.

4.3 Co-funded Learners

- 4.3.1 Dependent on the learner status and funding levels some learning undertaken may be co-funded. In this event the sub-contractor will be expected to make the learner aware that they will be responsible for the non-funded element of the learning aim(s) being undertaken.
 - 4.3.2 No training should be undertaken until the co-funded element has been agreed to be paid by the learner and an initial contribution in line with the payments and reconciliation appendix within the contract.
- 4.4 Failure for the learner to make payments may result in the learner not being supported for funding and any activity undertaken by the subcontractor prior to fees being received is done at the subcontractor's own risk.

5. Policy Dissemination

- 5.1.1 This policy will be disseminated to current Subcontractors via email and a website link.

5.2 Policy Review

- 5.2.1 This policy will be reviewed at least annually and in addition in-year as needed to reflect any changes in GLA/ESFA funding rules.
- 5.2.2 Any changes to this policy that are required mid-contract will be discussed with Subcontractors and any necessary contract variations issued.

5.3 Policy Publication

- 5.3.1 This policy will be published on Dv8 Sussex's external website and also on Dv8 Sussex's staff intranet.

6. AGREEMENTS WITH SUBCONTRACTORS

All Subcontractors must have signed a legally binding written contract.

Prior to any subcontract being signed, Dv8 Sussex will complete a comprehensive due diligence process including financial, quality, staffing, health & safety and exam board approval checks. No Subcontractor will be engaged if they have received an adverse risk warning from a credit agency, if their most recent accounts are overdue, or if they are in a process which could lead to them entering administration or being wound up.

When signing the subcontract, Dv8 Sussex's signatory must also sign to the effect that he/she is

satisfied the proposed subcontractor is high quality and low risk.

All subcontractors must be legal entities. All ESFA funded Subcontractors with annual contracts over £100k must be on the Register of Training Organisations.

The subcontract will specify that the Subcontractor must meet the relevant funding bodies' regulations and will include any contract terms specifically required by the funding bodies. Double funding is not permitted.

No second-level subcontracting will be permitted without the written permission of both Dv8 Sussex and the funding body.

Dv8 Sussex will audit subcontracted learning to ensure the programmes and learners meet the evidence requirements of the relevant funding regulations. These audit visits will check learner existence, eligibility and attendance and education, health & care plans, and will include short-notice visits and interviews with staff and learners.

Dv8 Sussex will only normally subcontract ESFA activity to Subcontractors who deliver niche provision to learners in the same geographical catchment area that Dv8 Sussex draws from. 'Distant' subcontracting of ESFA activity will only be considered if there is a strong rationale, for example a single employer over a large area, and with the permission of the funding body.

Dv8 Sussex will require all ESFA funded Subcontractors to declare the details of all other ESFA subcontracts they hold to enable the determination of the 'lead provider'.

Payment Arrangement

Dv8 Sussex standard payment terms is 30 days from date of ESFA Payment subject to satisfactory validation checks.

For any funding to be generated, Subcontractors are required to submit enrolment and achievement evidence by certain cut off dates. This is to ensure that the data is processed by Dv8 Sussex in time for the monthly ILR return.

Contingency Plans

Dv8 Sussex will at all times takes full responsibility for the subcontracted learners; they are Dv8 Sussex learners and Dv8 Sussex is responsible for their health and safety, the quality of the teaching and all other aspects of their learning.

If the Subcontractor fails to deliver, Dv8 Sussex will be responsible for making any necessary alternative arrangements. The subcontractor is required to co-operate and assist fully in any all of these arrangements to ensure minimal disruption is caused to the learner.

Dv8 Sussex will take action in the event that:

- It needs to withdraw from a subcontract arrangement
- a Subcontractor withdraws from the arrangement, or
- a Subcontractor goes into liquidation or administration

These events are uncommon but not unknown. In the event of one of them, Dv8 Sussex will, within 30 days, make plans to execute the action needed, protect the interests of the learners and inform the funding body. These plans may include one or more of the following actions:

- Emergency discussions with the Subcontractor and/or the funding body
- Offer the learners direct provision with Dv8 Sussex
- Offer the learners transfer to another Subcontractor
- Take over the Subcontractor's staff and premises
- Identify a project manager and necessary Dv8 Sussex resources
- Write to the Subcontractor to formally terminate the contract, with reasons
- Write to the funding body to advise them of the change
- Commission Dv8 Sussex auditors to investigate the issues
- Invoke the Dv8 Sussex Disaster Recovery Plan if the impact is great

If required by the Funding Authority, Dv8 Sussex will commission external assurance from an auditor in respect of its subcontracting controls for ESFA funded provision.