



South Gloucestershire and Stroud College

Subcontracting Policy 2023/24

**If you would like this document in an alternate format
Please contact the Human Resources Department**

Prepared by:	Liam Evans
Job Title/Role:	Vice Principal Corporate & Community
Policy Ref. No.: Q/P 105	Date of this version: May 2023 Review date: May 2025 Upload to College website? Yes Upload to e-Campus? No
Approved by:	Corporation
Date of Approval:	8.6.23

MANDATORY INITIAL IMPACT SCREENING



I have read the guidance document: Completing a Policy Impact Assessment?	✓
If this policy raises equality, diversity or inclusion concerns, the Inclusion Committee has been consulted?	<input type="checkbox"/>
If this policy raises environmental or sustainability issues, the Estates Team have been consulted?	<input type="checkbox"/>
If this policy has been up-dated, please tick to confirm that the initial impact screening has also been reviewed:	✓

Please list each College Strategic Priority that this policy is designed to address/implement:

EQUALITY, DIVERSITY & INCLUSION IMPACT ASSESSMENT

Characteristic	This policy seeks to:	
Age	No appreciable impact	
Disability	No appreciable impact	
Faith or Belief	No appreciable impact	
Gender	No appreciable impact	
Race or Ethnicity	No appreciable impact	
Orientation	No appreciable impact	
Gender reassignment	No appreciable impact	
Economic disadvantage	No appreciable impact	
Rural isolation	No appreciable impact	
Marriage	No appreciable impact	
Pregnancy & maternity	No appreciable impact	
Carers & care leavers	No appreciable impact	
Vulnerable persons	No appreciable impact	
Please identify any sections of the policy that specifically seek to maximise opportunities to improve diversity within any of the College's stakeholder groups:		
Please identify any sections of the policy that specifically seek to improve equality of opportunity within any of the College's stakeholder groups:		
Is there any possibility that this policy could operate in a discriminatory way?	<input type="checkbox"/>	*
		If you have ticked yes (red), which characteristic will be most affected? Choose an item.
If yes please confirm that the Policy has been sent for a full Equality & Diversity Impact Assessment, and note the date:	<input type="checkbox"/>	Click or tap to enter a date.

Note: if the policy does not seek to increase diversity or improve equality you should go back and review it before submitting it for approval.

MAPPING OF FUNDAMENTAL RIGHTS

Which United Nations Convention on the Rights of the Child (UNCRC), Right does this policy most protect:	Art. 42 Right to know your rights Choose an item.
Which Human Right (HRA) does this policy most protect:	Art. 2 Right o life Choose an item.

DATA PROTECTION & PRIVACY BY DESIGN SCREENING

Tick to confirm that you have considered any data protection issues as part of the design and implementation of this policy; and, that implementing this policy will <u>not</u> result in the collection, storage or processing of personal data outside of official College systems:	✓
Tick to indicated that this policy has or requires a Data Privacy Impact Assessment:	<input type="checkbox"/>

ENVIRONMENTAL, SOCIAL AND ECONOMIC IMPACT ASSESSMENT		
Does this policy relate directly or indirectly to any legal, regulatory environmental or sustainability standard(s)?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If so, please list them:		
Will any aspects of this policy result in:		
Reduced miles travelled or provide / improve / promote alternatives to car based transport (e.g. public transport, walking and cycling car sharing, the use of low emission vehicles, community transport, environmentally friendly fuels and/or technologies)	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Reduced waste, environmental hazards and/or toxic materials for example by reducing PVC, photocopier and printer use, air pollution, noise pollution, mining or deforestation? Or increase the amount of College waste that is recycled or composted?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Reduced water consumption?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Reduced instances of single use plastic?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Reduced use of natural resources such as raw materials and energy to promote a circular economy?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Improved resource efficiency of new or refurbished buildings (water, energy, density, use of existing buildings, designing for a longer lifespan)?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Will this policy improve green space or access to green space?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Please list the sections of this policy which specifically target an improved environment:		

Will any aspects of this policy result in:		
The promotion of healthy working lives (including health and safety at work, work-life/home-life balance and family friendly practices)?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Greater employment opportunities for local people?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
The promotion of ethical purchasing of goods or services for example by increasing transparency of modern slavery in our supply chain?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Greater support for the local economy through the use of local suppliers, SMEs or engagement with third sector or community groups?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
The promotion of better health, increased community resilience, social cohesion, reduced social isolation or support for sustainable development?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Mitigation of the likely effects of climate change (e.g. identifying proactive and community support for vulnerable groups; contingency planning for flood/snow, heatwaves and other weather extremes)?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
The promotion of better awareness of sustainability, healthy behaviours, mental wellbeing, living independently or self-management?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Please list the sections of this policy which specifically target improved sustainability:		

What is the *estimated* carbon impact of this policy (in terms of tCO2e)	Increased (+tCO2e) *	Decreased (-tCO2e) <input type="checkbox"/>	Net Zero CO2 <input type="checkbox"/>
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Mandatory initial impact screening completed by:	Jude Saunderson
Date	28/09/2022
Initial impact screening supported by (Please list each individual)	Sara-Jane Watkins

Subcontracting Policy

1. Policy intent

- 1.1. This Policy explains the approach to Subcontracting at South Gloucestershire and Stroud College (“SGS”) and the arrangements between SGS and organisations who SGS pay to deliver training on its behalf (sub-contractors).
- 1.2. This Policy is not a contract. SGS will hold legal contracts with all sub-contractors and will only subcontract with organisations which are legal entities.
- 1.3. The Policy is a mandatory requirement that must be in place prior to participating in any subcontracting activity. It is reviewed annual by the Corporation and published on the SGS website.
- 1.4. The content of this Policy has been developed in line with ESFA Subcontracting rules.
- 1.5. All ESFA subcontracting arrangements will be managed in accordance with the ESFA rules and guidance in place at the time, including any in-year updates to the rules and/or guidance.
- 1.6. All WECA subcontracting arrangements will be managed in accordance with the WECA Third Party Delivery rules and guidance in place at the time, including any in-year updates to the rules and/or guidance.

2. Scope

- 2.1. The intended audience is all SGS staff involved with subcontracting arrangements, including management and governor oversight, and other stakeholders including subcontract partners.
- 2.2. The policy applies to all SGS subcontracted delivery.

3. Objectives

- 3.1. SGS has a strategic aim to minimise the level of subcontracting entered into. SGS aims to use its funding allocations to support our local learners, employers and communities through direct delivery.
- 3.2. Minimising levels of subcontracting also reduces SGS’s exposure to risk of poor performance by other organisations.
- 3.3. Subcontracting of any given funding stream for ESFA funded post-16 funding may only be up to 25% of that funding stream, unless the express permission of ESFA has been sought and granted via an exemption case. In the case of WECA funded provision; if SGS College wishes to deliver to more than 25% of the

learners through a Third-Party Agreement, we must submit an exemption case to WECA to obtain WECA's agreement.

- 3.4. WECA requires providers to secure permission to deliver through a third-party in advance of delivery as opposed to notification after the fact. Up-to-date information about WECA's rules concerning Third-Party delivery can be found at: <https://www.westofengland-ca.gov.uk/wp-content/uploads/2022/06/WECA-Adult-Education-Third-Party-Delivery-Rules-22-23.pdf> and subsequent versions of these rules. These rules should be read in conjunction with this policy to ensure that we are adhering to WECA's Third-Party delivery rules.
- 3.5. SGS will at all times undertake fair and transparent procurement activities, conducting robust due diligence procedures on potential sub-contractors to ensure compliance and to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learner lives.

3.6 Rationale for subcontracting

SGS will, in the first instance, consider direct delivery. However, SGS recognises the benefits that effective subcontracting can bring in extending the range and accessibility of provision for learners and employers and will consider subcontracting to meet one of the following aims:

- 3.6.1 to enhance the opportunities available to learners;
 - 3.6.2 to fill gaps in niche or expert provision or provide better access to training facilities;
 - 3.6.3 to support better geographical access for learners;
 - 3.6.4 to support an entry point for disadvantaged groups;
 - 3.6.5 to support individuals who share protected characteristics, where there might otherwise be gaps;
 - 3.6.6 where funding has been awarded for Partnership Delivery such as European Social Fund (ESF) projects;
 - 3.6.7 for the Diploma in Sporting Excellence (DiSE) where learner eligibility is under the control of the sport National Governing Body (NGB) as only the NGB in combination with a high-performance club can support the DiSE elite athlete programme.
- 3.7 Subcontractors will only be used for delivery of the provision if:
 - 3.7.1 SGS has staff with the knowledge, skills and experience within the organisation to:

- Successfully select subcontractors in line with the requirements of the ESFA funding rules and contract with ESFA, WECA funding rules and the contract with WECA, or Sportaid funding rules and the contract with Sportaid, and
 - Contract with and actively manage those subcontractors.
- 3.7.2 The board of governors and SGS's accounting office determine the subcontractor as being of high quality and low risk to public funds
- 3.7.3 SGS has robust procedures in place to ensure subcontracting does not lead to the inadvertent funding of extremist organisations.
- 3.8 The funding that is retained by SGS will be related to the costs of administering the subcontracted provision, due-diligence checks and quality assuring the provision; and costs of mandatory training delivered to subcontractor staff by SGS, ensuring SGS is able to meet its obligations to the ESFA and complying with the ESFA rules on subcontracting, where applicable, or other funding body requirements for non-ESFA funded subcontracted provision such as that with WECA.
- 3.9 Where disputes between supply chain partners cannot be resolved through mutually agreed internal resolution procedures, SGS will submit to independent outside arbitration or mediation and abide by its findings.
- 3.10 Contract documents will require both parties to adhere to the letter and spirit of contracts or partnerships. Signatories therefore commit that all discussions, communications, negotiations and actions undertaken to build, maintain and develop supply chains will be conducted in good faith in accordance with best practice.

4. Implementation

4.1 Selecting and appointing our sub-contractors

- 4.1.1. Where SGS and a proposed subcontractor has directors or beneficial owners in common, SGS must:
- 4.1.1.1 not award the contract without the ESFA's or WECA's written permission;
 - 4.1.1.2 keep as evidence both the request and the ESFA's or WECA's reply.
- 4.1.2 SGS must not subcontract, without written ESFA permission, to any institution or organisation which is not permitted to recruit 16 to 18 year old students and/or 19 to 25 year old high needs students (HNS).
- 4.1.3 SGS must ensure that it complies with current and relevant procurement regulations, ensuring that subcontractor(s) are selected fairly, transparently and without discrimination and that potential subcontractors

have sufficient capacity, quality and business standing to deliver the provision that is being subcontracted.

- 4.1.4 In selecting partner providers, SGS will consider the following:
 - 4.1.4.1 Reputation – providers may be referred to SGS by employers or other FE Colleges
 - 4.1.4.2 Specialism – providers may offer niche provision where there are few alternatives;
 - 4.1.4.3 Geographic location – where possible, SGS will support local partners;
 - 4.1.4.4 Quality measures – based on a range of measures including Ofsted rating, success rates, track record and other quality markers or accreditations;
 - 4.1.4.5 Responsiveness – how readily the provider can meet the needs of SGS learners and employers;
 - 4.1.4.6 In partnership with an NGB in determining the best partner to support DiSE provision.
- 4.1.5 Lack of a track record, such as providers who are new organisations, or who offer new or immature provision will not necessarily be a barrier to subcontracting. However, the quality assurance measures and associated costs to SGS will reflect the additional risks of new provision.
- 4.1.6 SGS will undertake a desk-top due diligence check of potential partners. This will be followed by a due diligence visit to the delivery premises prior to contracts being issued.
- 4.1.7 As a minimum, the following due diligence checks will be undertaken:
 - 4.1.7.1 A financial assessment of the subcontractor to ensure any subcontractor has the financial ability to deliver the requirement of the subcontract;
 - 4.1.7.2 Where the subcontractor is a brand new company who is yet to submit their first statutory accounts, thoroughly verify the new company's financial capability. (SGS may not contract with any such company where this cannot be verified);
 - 4.1.7.3 Consider the subcontractors credit rating. Where this is above average, ensure that the subcontractor is available to deliver the needs of the contract and that SGS is able to manage the risks;

4.1.7.4 A subcontractor must not be awarded or renewed if the subcontractor:

- has passed a resolution (or the court has made an order) to wind up or liquidate the company, or administrators have been appointed
- has overdue statutory accounts.

4.1.7.4 Refer to the list of declared subcontractors to determine if a subcontractor already holds subcontracts with other organisations, and:

- i) For subcontractors in receipt of an aggregate subcontract value of ESFA funding for delivering education and training that totals £100,000 or more for each funding year;
- ii) notify the ESFA in line with the ESFA subcontracting rules.

4.1.8 If the subcontractor fails ESFA financial health checks, SGS will be unable to take on any new subcontracted starts with the subcontractor.

4.1.9 Existing subcontractor partners will undergo an annual due diligence review.

4.1.10 Full details of the desk-top checks, due diligence visit and annual due diligence review checks are included in **Appendix 1**.

4.2 Working with Sub-contractors

4.2.1 SGS is responsible for the actions of its subcontractors connected to, or arising out of, delivery of the services, which SGS subcontract. If a subcontractor fails to deliver, SGS is responsible for making alternative arrangements for the delivery of education and training.

4.2.2 SGS must manager and monitor all its subcontractors to ensure that high quality delivery is taking place that meets the requirements of the contract which SGS has entered into with ESFA for the provision of ESFA funded delivery, or with WECA for the provision of WECA funded delivery.

4.2.3 SGS must ensure safeguarding is rigorously policed.

4.2.4 SGS aims to deliver outstanding education, including that delivered through its subcontractors.

4.2.5 A list of the activities and processes that we expect subcontractors to adhere to is included in **Appendix 1**.

4.2.6 A full list of the standard processes and quality assurance checks which SGS carries out to monitor subcontracted provision is included in **Appendix 3**.

- 4.2.7 There is a comprehensive range of quality assurance measures of subcontracting, which are included in SGS standard subcontracting terms and in **Appendix 2**.
- 4.2.8 SGS will apply a risk banding, A, B or C, to subcontracted provision, based on the partner experience, track record and the type of provision.
- 4.2.9 SGS will not enter into subcontracts for provision deemed to be high risk until measures are put in place to reduce the risk band to A, B or C.
- 4.2.10 The prevent duty applies to subcontracted provision. It requires providers to have due regard to the need to prevent people from being drawn into terrorism. All further education providers must comply with relevant legislation and any statutory responsibilities associated with the delivery of education and safeguarding of students, and this includes students receiving provision under a subcontracting arrangement.
- 4.2.11 Where there is a need for transfer of personal data between an organisation and SGS, as controller or processor of personal data, the parties agree to enter into an appropriate data sharing agreement on standard contractual clauses. The data sharing agreement must be in place prior to the sharing of personal data and will seek to implement decision (EU) 2021/915 of 4 June 2021 between controllers and processors under Article 28(7) of Regulation (EU) 2016/679 of the European Parliament and of the Council and Article 29(7) of Regulation (EU) 2018/1725 of the European Parliament and of the Council.

4.3 Quality Assurance

- 4.3.1 This Policy positions subcontracted provision as a core part of SGS activity, to enable continuous improvements in the quality of teaching and learning for both SGS and its sub-contractors.
- 4.3.2 This will be achieved through the sharing of effective practice across the supply chain, for example, through the Self-Assessment Report (SAR) process.

4.4 Contribution to Improving Teaching and Learning

- 4.4.1 SGS prides itself on its approach to collaborative and partnership working. It regards subcontracting as a partnership arrangement where each partner can benefit from the strengths and share the best practices of the other.
- 4.4.2 Its Quality Assurance processes aim to be supportive and will provide developmental feedback on how providers can improve. This includes, but is not limited to, lesson and assessor observations, MIS and data audits, learner and employer surveys.

- 4.4.3 Equally, SGS expects to benefit from good practices observed within partner organisations, which will be disseminated across SGS and to other partners.

4.5 Fees and Charges Structure

- 4.5.1 SGS provides a simple and transparent funding structure for partner providers.
- 4.5.2 SGS will usually retain an element of funding to cover SGS costs in supporting the sub-contracted provision. The amount retained will vary depending on costs to SGS in managing and quality-assuring the provision, determined by the volume of the provision and the risk rating of the provider.
- 4.5.3 SGS does not provide a management service to our subcontractor partners. The retained funding covers the costs to SGS to carry out a standard set of pre-contract due diligence checks, contract set-up and quality assurance processes to fulfil our obligations to the funding agency as the lead contract holder.
- 4.5.4 Details of how the risk, volume and fees are calculated are included in **Appendix 3**.
- 4.5.5 SGS may retain a greater element of funding where SGS incurs additional costs, for example to afford additional quality-monitoring visits as a consequence of poor performance or where mandatory training is delivered to subcontractor staff by SGS.
- 4.5.6 For business reasons, SGS may choose to take a different fee, such as entering a new market, in which case this will be agreed by SGS College Principal and the subcontractor and published within the contract.
- 4.5.7 The fee structure recognises the lower costs in sub-contracting with providers who are low risk.
- 4.5.8 In agreeing a subcontract, providers are agreeing to this policy.
- 4.5.9 Additional quality assurance activities will result in SGS retaining a larger element in accordance with our published list.
- 4.5.10 For ESFA funded post-16 funding, the ESFA reserves the right to require an explanation where the funding SGS has retained, as a management fee for a subcontract, exceeds 20% of the overall contract but offers little value. WECA reserves the right to require an explanation where the funding SGS College has retained a management fee for a Third-Party agreement exceeds 20%.

4.5.11 The full list of standard activities and additional quality assurance measures and retained element are included in **Appendix 3**.

4.6 Payment Terms and Conditions

4.6.1 SGS will pay the subcontractor in accordance with the contract.

4.6.2 The fee element will be based on the Individual Learning Record (ILR) amount and will be subject to any changes in funding policy.

4.6.3 Payment will be in accordance with the standard SGS terms and conditions, unless previously agreed otherwise in writing by SGS College Principal.

4.6.4 SGS reserves the right to clawback of fees and charges for under delivery and must include details in the contract.

5 Related Regulations, Guidance and Legislation

5.1 SGS Financial Regulations

5.2 ESFA Subcontracting Funding Rules for ESFA funded post-16 funding (excluding apprenticeships).

5.3 ESFA Education and Skills conditions of funding.

5.4 WEST OF ENGLAND COMBINED AUTHORITY Adult Education Funding THIRD-PARTY DELIVERY FUNDING RULES – relevant to the current funding year.

Appendix 1. Due Diligence Checks and subcontracting requirements

Due Diligence documents required for desk-top assessment	Notes/SGS Actions
Full legal name of organisation and registered address	Complete Companies House check
Full names of all Directors/Trustees/Senior Managers	Complete Companies House check
Copy of latest set of Audited Accounts	To be reviewed by Group Chief Financial Officer or Head of Finance
Credit reference agency search	SGS will ensure additional contingency plan is in place if subcontracting with organisations with a low or very low rating
Checks that organisation is not linked to any extremist organisations	Web search
Declaration of interests form	Reviewed by Partnerships Manager and referred to Principal if any conflicts
Evidence of registered on ROTO and Register of Apprenticeship Training Providers for subcontracted apprenticeship provision	Where combined contract values exceed £100k
UK Provider reference no.	Register with https://www.ukrip.co.uk
Copy of most recent Ofsted Report	Require Grade 1 – 3
Copy of most recent Self-Assessment Report (SAR) – where applicable	Require Grade 1 – 3
CVs for all staff delivering training/assessment	To be reviewed by Human Resources department
Copy of Contract of Employment/evidence of Contract of Employment for all staff delivering training/assessment	To be reviewed by Human Resources department
CRB or DBS numbers for all staff delivering training/assessment	To be reviewed by Human Resources department
Copies of staff certificates for the member(s) of staff responsible for training/assessment	To be reviewed by Human Resources department
Copy of Health & Safety Policy	To be reviewed by Health & Safety Advisor
Copies of Risk Assessments	To be reviewed by Health & Safety Advisor

Due Diligence documents required for desk-top assessment	Notes/SGS Actions
Copy of Disaster Recovery Policy and contingency plan	To be reviewed by Health & Safety Advisor
Copy of Employer's/Public/Occupier's Liability Insurance Certificate	Minimum £10 million for Employer's Liability Insurance and £5 million for Public Liability Insurance. Certificate to be in date
Evidence of Initial Advice and Guidance (IAG) and IAG Policy	To be reviewed in line with SGS Policy
Copy of Complaints Procedure	To be reviewed in line with SGS Policy
Copy of Equality and Diversity Policy	To be reviewed in line with SGS Policy and to meet requirements of Equality Act 2010
Details/Evidence of DDA Compliance	To be reviewed in line with SGS Policy
Copy of Safeguarding Policy	To be reviewed by Heads of Learner Services
Copy of Sustainability Policy	To be reviewed in line with SGS Policy
Copy of Mission Statement	To be reviewed in line with SGS Strategic Plan
Copy of Data Protection Policy	To be reviewed in line with SGS Policy
Copy of Awarding Body Centre Approval – where appropriate	To match qualifications being delivered
Copy of most recent External/Standards Verifiers Reports – where appropriate	To be reviewed for serious issues

The subcontractor will provide the following:

Required during Academic Year	Frequency/Due by
Return signed contract and appendices	Before 1 st August/Start of delivery programme
Complete a data sharing agreement	Before 1 st August/Start of delivery programme
Deliver the Programme(s) in accordance with SGS's quality assurance arrangements	In line with SGS timetable
Self-Assessment Reports in line with SGS's requirements	In line with SGS timetable

Required during Academic Year	Frequency/Due by
Learner achievement records	Within 2 weeks of achievement
Signed and fully completed Enrolment Form for each learner <ul style="list-style-type: none"> – Copy of recent Benefits evidence if claiming Fee Remission – Copy of Passport, current Visas and Home Office documentation for possible International learners 	Within 2 weeks of the course commencing
Full Registers or contact records (NVQs)	Every half term (or as soon as a short course ends)
Withdraw any learners who have missed more than 4 consecutive weeks for ESFA funded post-16 provision	Within 1 month after missing 4 consecutive weeks
Timetable of delivery, including session times, venues and teaching staff	Before course(s) commence
Notify SGS of any cancelled sessions and planned absences, e.g. Trips, etc.	By 9am for cancelled sessions and one week prior to planned absences
Copies of achievement certificates as soon as received from the Awarding Body (where applicable)	As soon as received
Copies of all internal and external verification reports (where applicable)	As soon as received
Feedback questionnaires from learners	In line with SGS timetable
Raise invoices per agreed payment amounts and schedule	Per agreed schedule

Appendix 2. Quality Assurance Arrangements

As a minimum, SGS will carry out the following Quality Assurance Measures with subcontractors:

- Desk-top checks and due diligence visit for new providers;
- Annual due diligence review for existing providers;
- A minimum of 3 Quality Assurance visits per year, of which at least 1 site visit will be a short notice visit. SGS will provide an agenda for standard visits, short notice visits and desk-top monitoring;
- Band A partners – a minimum of 3 Quality Assurance visits, of which 2 may be a remote desk-top monitoring visit;
- Band B partners – a minimum of 3 Quality Assurance visits, of which 1 may be a remote desk-top monitoring visit;
- Band C partners – a minimum of 4 Quality Assurance visits, of which 1 may be a remote desk-top monitoring visit;
- Termly Contract Management meetings. These meetings may coincide with Quality Assurance visits;
- Annual survey of learners;
- Annual survey of employers (if applicable);
- Annual audit of MIS Data, including enrolment forms and attendance records;
- Annual review of learner documents, including tracking records, reviews and ILPs;
- Annual review of the sub-contractor success rates, Self-Assessment process and Quality Improvement Plan.

SGS may carry out the following additional Quality Assurance measures, in accordance with SGS's published Supply Chain Funding Element Structure:

- Additional Standard or Short Notice visits;
- Additional survey of learner or employer views;
- Lesson or Assessor observations;
- Staff CPD;
- Consultancy from SGS or other external consultant.

Appendix 3. Funding Element Structure

SGS must set out their full range of fees retained and charges that apply including clawback for under delivery or other reasons.

The fee structure takes account of the volume of provision, the risk rating of the provider and associated costs to SGS. This enables SGS to ensure that each cost claimed by a subcontractor is reasonable and proportionate to the delivery of their teaching or learning, and contributes to delivering high quality learning. The risk banding is determined from the following table.

Performance Indicator	Risk Band			
	A	B	C	Not Measurable
	1	2	3	4
Delivery experience of the sub-contractor	More than 5 full years	2 to 5 full years	1 to 2 full years	No experience
Previous year's success rate	3% or more above benchmark	Within + or = 2% of benchmark	More than 2% below benchmark	No previous delivery record
Ofsted or SAR grading	Grade 1 or 2	Grade 3	Grade 4	No Ofsted grading or SAR process
Type of Provision	Lower risk e.g. SGS experience plus overseeing organisation (such as NGB)	Medium risk e.g. SGS experienced in managing this type of delivery	Higher risk, e.g. Distance Learning	Higher risk provision plus difficult client group
SGS Audit and QA measures	Compliant and no actions or recommendations	Mainly compliant but recommendations to improve	Not compliant and actions required to improve	No previous audit or excessive actions to improve

Risk Rating

Overall Score	Risk Band
5 – 7	A
8 – 12	B
13 – 15	C
16+	High risk

Funding Element Retained for SGS Costs			
	Risk Banding		
Volume	A	B	C
Under £50,000	18%	22%	25%
£50,000 - £100,000	16.5%	20%	22%
Over £100,000	15%	18%	22%

The above fee structure incorporates fees and charges for the following activities:

1. Funding retained for quality assurance and oversight
2. Funding retained for administrative functions such as data returns
3. Funding retained for mandatory training delivered to subcontractor staff by the directly funded provided

Specific hourly rates for these activities are as set out on page 19.

The following activities are covered by the retained funding element.

Activity	Number/Frequency included in standard retained funding element
Due-Diligence Processes	
Due diligence desk-top checks	1 at set-up
Due diligence visit	1 per site, up to 3 sites
Annual due diligence review	1 per year
Issuing standard sub-contract agreement	1 per year
Percentage of retained element for Due Diligence processes	10%

Activity	Number/Frequency included in standard retained funding element
MIS Processes	
Issuing SGS Document templates and forms to be used by the sub-contractor	As and when amended
Agreeing use of sub-contractor templates and forms (if at least as good as SGS Documents)	1 per year
Entering learner data and amendments onto the ILR	All
Entering attendance data and reconciling with ILR	All
Calculating fees due and processing payments received	All
Data-match checks with other main contractors with whom the sub-contractor works	All
Percentage of retained element for MIS Processes	10%
Quality Assurance Processes	
Quality Assurance visits and lesson/assessor observations	3 per year
Contract review meetings	4 per year
Annual survey of learners	1 per year
Annual survey of employers (if applicable)	1 per year
Annual audit of MIS Data, including enrolment forms and attendance records	1 per year
Review of learner documents, including tracking records, reviews and ILPs	3 per year
Annual review of the sub-contractor success rates, Self-Assessment process and Quality Improvement Plan	1 per year
Incorporate the sub-contractor provision within the SGS Self-Assessment process	Annually
Providing helpline and email support through the partnership manager	Typically 1 or 2 phone calls or emails per week (less for DiSE), more for new providers
Sub-contractor staff to attend SGS CPD activity (if undertaken within own institution evidence to be provided to SGS)	Mandatory training within SGS or own institution

Activity	Number/Frequency included in standard retained funding element
Use of SGS VLE to post learner materials	
Percentage of retained fee for Quality Assurance Processes	80%

The following costs will be added to the funding element retained if SGS incurs additional costs to address poor performance or to reduce risk.

Activity	Cost to Sub-contractor
Pre-Contract Processes	
Additional due diligence investigation, e.g. to investigate financial records or take additional references	£40 per hour
Produce action plan as result of unsatisfactory due diligence checks or visit	£40 per hour
Additional due diligence visit to monitor improvements	£40 per hour
Additional due diligence visit due to additional delivery locations	£40 per hour plus transport cost
MIS Processes	
Returning enrolment forms or other documents due to incorrect completion	Normally no charge, but continued non-compliance will incur non-compliance letter charge
Non-compliance letter from SGS Head of Offsite Provision requiring improvement	£40
Quality Assurance Processes	
Self-Assessment Report (if not produced to satisfactory standard by sub-contractor)	£40 per hour
Quality Improvement Plan (if not produced to satisfactory standard by sub-contractor)	£40 per hour
Quality Assurance – site visits	£40 per hour plus transport cost
Quality Assurance – remote (desk-top review)	£40 per hour
Contract review meetings	£40 per hour
Additional survey of learners	£200 + external survey cost

Activity	Cost to Sub-contractor
Additional survey of employers (if applicable)	£200 + external survey cost
Director level intervention	£60 per hour

If SGS incurs the following costs they will be added to the retained funding element:

Service	Cost
Registration of learners on SGS centre with Awarding Bodies	Cost +10%
Certification of learners from Awarding Body	Cost +10%
Certification of Apprentices with ACE	Cost +10%
Internal Verification	To be agreed depending on provision
Providing consultancy support (Director level)	£60 per hour