

## Subcontracting Strategy, Fees & Charges Policy

<b>Author:</b>	Amy Medrek
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This policy and procedure is subject to The Equality Act 2010 which recognises the following categories of individual as Protected Characteristics: Age, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion and Belief, Sex (gender), Sexual orientation, Disability.

## **Subcontracting Strategy, Policy, Fees & Charges**

This document is based upon the recommendations and guidelines outlined to FE colleges by the Education and Skills Funding Agency (ESFA) funding rules 2023 to 2024 updated on 24<sup>th</sup> May 2023 and the Subcontracting Standard published in July 2021. Subcontracted provision is defined here as eligible provision which is not direct provision including where the college arranges with another organisation to deliver at sites away from the college's premises

Milton Keynes College Group's strategic plan has at its core our aim of building fairer futures for all and encompasses the requirements to be inclusive and values led, deliver an aspirational student experience and to develop meaningful partnerships to create opportunity. Milton Keynes College Group is committed to growing and diversifying its provision to meet the regional and local economic development agenda. To achieve these aims and agenda, the College will, where appropriate, take a strategic decision to subcontract part of its provision to partner organisations who demonstrate high quality delivery.

Milton Keynes College Group will only partner with subcontractors who will work collaboratively to achieve our strategic goals. The College aims to build supportive and mutually rewarding relationships with its subcontractors, built on trust and respect, for the benefit of local and regional employers and communities. The College recognises it is fully accountable for the delivery of any activity which it subcontracts.

### **16-18 Subcontracting Strategic Approach**

The College will undertake an annual 16-18 sub-contracting needs assessment that clearly sets out the scope and scale of provision that the College has identified as needed across Milton Keynes and its surrounding areas but falls outside of the College's capacity to deliver. Following this identification of need, the College will seek to identify and contract with potential delivery partners for the year ahead via our documented procurement procedures.

Where it is felt that there is going to be an ongoing demand that cannot be fulfilled by the College, we will identify key sub-contractors that are to become long term delivery partners and seek to establish suitable and compliant contracts with them.

### **Apprenticeship Subcontracting Strategic Approach**

The College will work to the principles set out in Apprenticeship funding rules for training providers to complement the College's own delivery. Providers may be partnered with to deliver parts of an employer programme where the college does not have the specialist equipment or staffing to deliver itself. The Apprenticeship Unit will work with employers to specify the training services required, providers will be invited to respond to the training requirement via an invitation to tender as per the procurement policy and will undergo the central Due Diligence process.

## **Adult Subcontracting Strategic Approach**

The Adult Education Budget is one of many ways in which adult training is funded and skills are developed: its principal purpose is to engage adults and provide them with skills and learning needed for work and/or further learning. Milton Keynes College Group's strategy is to develop meaningful partnerships to deliver the skills needed by employers to aid productivity and close skills gaps. We may partner with providers via a robust procurement process where we are unable to deliver to:

- Support the unemployed to gain and sustain employment
- Unlock progression opportunities and career adaptability through skills, particularly for those on low wages
- Make learning more inclusive to support disadvantaged residents
- Increase the supply of skills to support key sectors in Milton Keynes
- Improve Milton Keynes's resilience by identifying and delivering the skills needed for the future.

## **HE Subcontracting Strategic Approach**

The College would approach the subcontracting of Higher Education provision in a way that is aligned to all other aspects of the subcontracting strategy. College may use the subcontracting of HE to expand its MK based Higher Education recruitment into a more diverse community of adult learners via our outlined procurement processes.

### **1. Pre-Award Activities**

- 1.1.** Milton Keynes College Group will ensure that subcontracted provision is below 25% in any given income stream annually.
- 1.2.** Milton Keynes College Group will seek ESFA approval to deliver a contract where appropriate. i.e., conflict of interest or distance learning.

- 1.3.** Subcontracted provision should be delivered within reasonable travel distance (c. 30 miles/1 hour travel) from the College main sites, unless there is a particular business need, request from a funding authority or unless required under a specific contract.
- 1.4.** All subcontracted provision will support the strategic objectives of the College and fulfil at least one of the following aims:
- Enhance the opportunities available to learners.
  - Fill gaps in niche or expert provision or provide better access to facilities.
  - Support better geographical access for learners.
  - Support an entry point for disadvantaged groups.
  - Support individuals who share protected characteristics, where there might otherwise be gaps.
- 1.5.** In line with ESFA rules, all organisations considered for subcontracted provision must hold a valid UKPRN number.
- 1.6.** Also, in line with ESFA rules, for subcontractors who wish to deliver over £100k they previously have had to be listed on The Register of Training Organisations (ROTO).
- 1.7.** Milton Keynes College Group will commit to fully re-procure on a yearly basis during which, subcontracts are tested against the Group's strategic expectations in terms of quality, compliance, financial viability, student safeguarding, curriculum relevance and demand.
- 1.8.** All potential partners will be required to complete a pre-qualification, qualification and procurement document prior to the award of a contract.
- 1.9.** Where a potential subcontract is identified as a related party transaction (RPT), it will be referred to the Audit and Risk Committee in line with the Conflicts of Interest Policy. Audit and Risk Committee will then decide what additional due diligence is required to manage the perceptions of risk. Any decision to subcontract via a RPT will be made by the Board of Governors, based on a recommendation by the Audit and Risk Committee. Where a RPT is identified, Milton Keynes College Group will also each year request permission from the ESFA in line with the ESFA Subcontracting Rules.
- 1.10.** Steps will be taken to ensure that extremist organisations are not funded through the subcontracting of Department of Education funding.
- 1.11.** The Subcontracting Strategy will be signed off by the Board of Governors annually and published alongside the Fees and Charging Policy on the college website.

## **2. Contract Award and Management**

- 2.1.** All contracts will be monitored on an ongoing basis by the Delivery Partnerships and Contracts Group, Audit and Risk Committee and the Board of Governors.
- 2.2.** Updates on subcontracting quality, finance, compliance, and impact will be presented to the Board of Governors on a half termly basis.

## **3. People**

- 3.1.** Milton Keynes College Group appoints the following roles to ensure that the contracts are adequately managed:
  - Senior Contract Manager – COO/Group Director: Funding Data & Exams
  - Compliance Manager – Executive Head of Business Intelligence: MI & Funding
  - Quality Manager – Head of Quality
  - Financial Manager – Director of Finance
  - Safeguarding/ALS Manager – Director of Inclusion & Student Experience
- 3.2.** Professional development opportunities will be made regularly available for staff members responsible for any element of contract award, delivery, and monitoring.

## **4. Administration**

- 4.1.** A due diligence process will take place for all potential subcontractors which includes, but is not limited to a pre-qualification questionnaire, an invitation to tender, legal, financial, and quality checks, declaration of any conflicts of interest and reference checks where necessary. All of this information will be considered before Milton Keynes College Group makes a decision on whether to contract with the partner.
- 4.2.** All contracts will be stored securely and easily accessible when required
- 4.3.** The Delivery Partnerships and Contract Group will meet on a regular basis to review the contract timeline and identify key trigger points in the contract. These meetings will have a full agenda, be minuted and have action points to which key members will be accountable.

## **5. Managing Relationships**

- 5.1.** The Continuity of key subcontractor staff is desirable; where this cannot be achieved, there must be a handover from the staff member responsible for their element of procurement, delivery or monitoring.
- 5.2.** Both regular structured and informal communication routes between the contract manager and subcontractor will be open and utilised on a regular basis.

## **6. Managing Performance**

- 6.1.** The following processes are in place to monitor the quality of subcontracted provision, and actively improve quality on an on-going basis:
  - A robust schedule of quality assurance visits that are carried out throughout the year.
  - Annual reviews take place with target setting.
  - Regular monitoring meetings between Milton Keynes College Group and all its subcontractors
  - Training and Development workshops or sharing of best practice/industry knowledge (as appropriate).
- 6.2.** When a sub-contractor is not performing according to the contractual agreement or there have been other significant issues identified which may be of a financial, quality or audit nature, intervention by Milton Keynes College Group may include:
  - Action plan with or without identified support.
  - Financial penalty/holdback or clawback of overpayments.
  - Quality “notice to improve” issued.
  - Higher management fee imposed with mandatory support.
- 6.3.** Service Level agreements will in place and linked to business needs. These agreements will be understood by the subcontractor and monitored by the contract manager and/or end users. The agreements will be linked, where appropriate, to the ESFA’s funding rules and guidance.

## **7. Payments and Incentives**

- 7.1.** The College’s subcontracted provision will be delivered in line with financial regulations and adhere to financial targets and controls to assure itself of financial viability and assured quality

- 7.2.** The College will retain a management fee of up to 20% of the value of the contract which covers a proportion of the direct costs associated with operating and quality assuring subcontract provision and which provides a contribution towards indirect costs such as finance, compliance, student support, IT and other curriculum support costs
- 7.3.** The subcontractor fee covers the following specific costs incurred by the college:
- Preparation of all subcontract documentation and processes (4%)
  - Provision of funding guidance and support relating to eligibility of learners and provision (1%)
  - Course set-up in College system (2%)
  - Preparation of funding submissions from subcontract hardcopy / electronic data (3%)
  - Design and provision of templates to capture learner data (1%)
  - Quality framework, including support for improving the quality of teaching, learning and assessment (4%)
  - Additional support required in preparation of funding submissions from subcontractor hardcopy data (2.5%)
  - Additional support required in respect of contract or curriculum management generally (2.5%)

This list of specific charges outlined above is reviewed each year by the Senior Leadership Team to determine whether it is reasonable and proportionate. Careful consideration will be given to whether these charges contribute positively to an improvement in the quality of teaching and learning delivered by the subcontractor. Changes will be made if required.

- 7.4.** These specific costs are included in the contract issued to each subcontractor and are discussed during the first contract management meeting to ensure that the subcontractor agrees that the costs are reasonable and proportionate and understands how they contribute to delivering high quality learning.
- 7.5.** Payments will not be made in advance of evidence to demonstrate learning activity has been undertaken.

## **8. Risk Management**

- 8.1.** Contractual terms around security and confidentiality will be monitored by the contract manager, particularly relating to the security and confidentiality of personal data.
- 8.2.** The persons responsible as outlined in point 3.1 will report to the Contracts & Partnerships Group and/or Audit and Risk Committee. The committees will monitor and evaluate any potential risks arising and develop a strategy to mitigate or eliminate such risk.

## **9. Contract Development and/or Termination**

- 9.1.** If, for any reason, either party terminates the subcontract, then Milton Keynes College Group would assume responsibility for the delivery of the remainder of the learner programme of study. Should Milton Keynes College Group not have the relevant resources to perform this Milton Keynes College Group would source an alternative provider or retain specialist teaching expertise and/or specialist equipment to ensure that the learners complete their programmes without disruption, whichever is more cost-effective. Any provision planned but not yet started will be cancelled and the subcontract/programme ended.
- 9.2.** Contract addendums will be put into place during the contracted period where a significant change occurs to the contract value or other elements of the contract as agreed by both parties. The addendums will be approved by the Board of Governors prior to signature.

## **10. Provider Development**

- 10.1.** Milton Keynes College Group are committed to developing the partners that they work with and will have processes in place that clearly set out how provider development activities will be planned, managed, and governed



**Annual summary of subcontracted provision**

**23/24 Provision**

<b>Sub-contractor</b>	<b>Location</b>	<b>Funding Stream</b>	<b>Maximum Funding Value (Element 1, 2 and 3)</b>	<b>Target Learner Numbers</b>	<b>Management Fee</b>	<b>Rationale by Aim (see strategy, pg1)</b>
<b>Arts1</b>	Milton Keynes	Study Programme	£364,107.52	53	15% Plus an additional £500 per qualifying student for Maths direct delivery at MKCG	To enhance the opportunities available to learners.
<b>SOFEA</b>	Milton Keynes	Study Programme	£194,927.64	22	15%	To fill gaps in niche or expert provision or provide better access to facilities.

<b>MacIntyre - No Limits– MILTON KEYNES</b>	Milton Keynes	Study Programme High Needs	£1,496,093.89	38	Maximum 20%	To support individuals who share protected characteristics, where there might otherwise be gaps
<b>MacIntyre - No Limits – BEDFORD</b>	Bedford	Study Programme High Needs	£306,358.36	7	Maximum 20%	To support individuals who share protected characteristics, where there might otherwise be gaps
<b>The Walnuts School</b>	Milton Keynes	Study Programme High Needs	£205,774.20	5	Maximum 20%	To support individuals who share protected characteristics, where there might otherwise be gaps