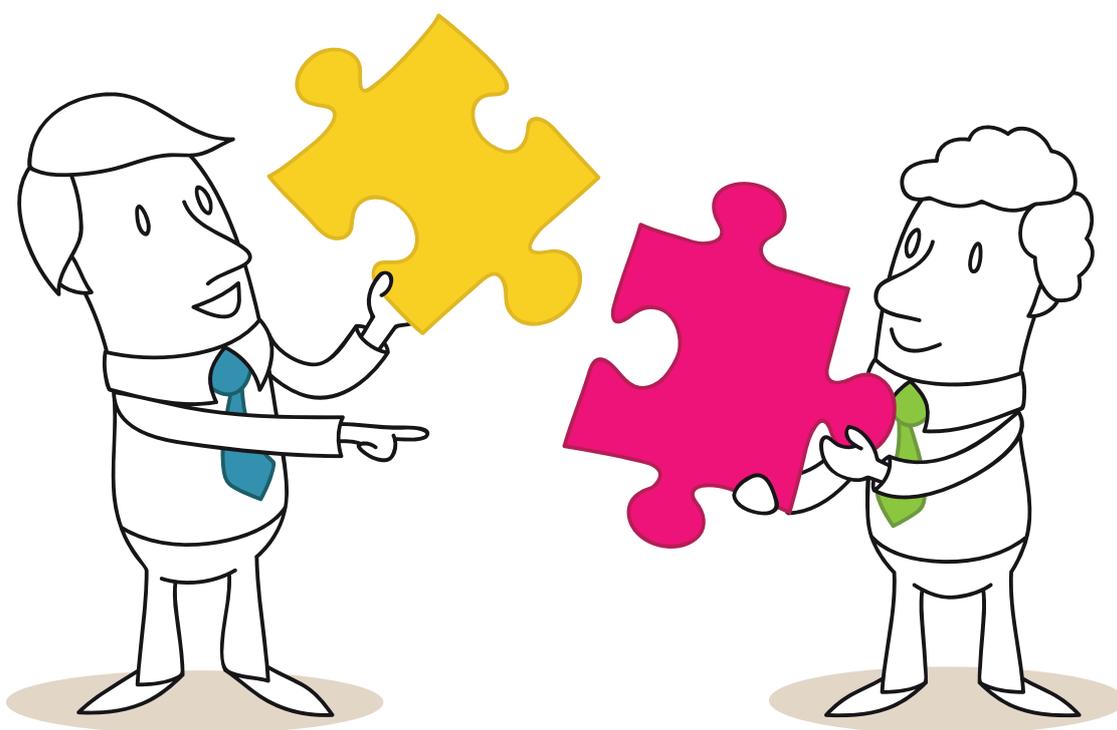




Pathway Group
putting you first

Sub-contracting Fees & Charging Policy



Scope

This policy applies to all sub-contracted supply chain activity supported by funding from the Skills Funding Agency, Education Funding Agency or any successor organisations.

Overarching Principles

Pathway Group will use its supply chains to optimise the impact and effectiveness of service delivery to the end user. Pathway Group will therefore ensure that:

Supply chain management activities comply with the principles of best practice in the skills sector. In particular they will be guided by the principles given in the AELP publication "Supply Chain Management – a good practice guide for the post-16 skills sector" (Nov 2012 and subsequent iterations)

Pathway Group will at all times undertake fair and transparent procurement activities, conducting robust due diligence procedures on potential subcontractors to ensure compliance with the Common Accord at all levels and to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learner lives.

The funding that is retained by Pathway Group will be related to the costs of the services provided. These services, and the levels of funding being retained for them, will be clearly documented and agreed by all parties. The rates of such retained funding will be commercially viable for both sides and will be negotiated and agreed in a fair and transparent manner. They will be proportionate to the actual services being provided.

Where disputes between supply chain partners cannot be resolved through mutually agreed internal resolution procedures, Pathway Group will submit to independent outside arbitration or mediation and abide by its findings. Contract documents will require both parties to agree that the achievements of supply chains are attained through adherence to both the letter and spirit of contracts or partnerships. Both parties 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 the Overarching Principle.



Signed:

A handwritten signature in blue ink, appearing to read 'S. Ali'.

Safaraz Ali
Director
Aug 2015

Rationale for subcontracting

Pathway Group engages with subcontractors to better meet customer needs. Reasons are varied but include:

- To temporarily expand provision to meet a short term need.
- To provide immediate provision whilst expanding direct capacity.
This might include working with subcontractors to explore and learn about new frameworks or sectors prior to investment in resources.
- Providing access to, or engagement with, a new range of customers.
- To ensure delivery intention is met where there is a recognised risk in direct provision
- To support another provider to develop capacity/quality.
- To provide niche delivery where the cost of developing direct delivery would be inappropriate.
- To support employers with a wide geographic requirement.

Quality Assurance

Subcontracted activity is a fundamental part of Pathway Group's provision. The quality of the provision will be monitored and managed through the existing QA processes and procedures, as amended in order to fully encompass all sub contracted activity.

This Policy positions sub-contracted provision as a core part of Pathway Group activity to enable continuous improvements in the quality of teaching and learning for both Pathway Group and its subcontractors. This will be achieved through the sharing of effective practice across the supply chain, for example through the Self-Assessment Report process.

Publication of information relating to subcontracting

In compliance with Skills Funding Agency and other agency funding rules that apply, Pathway Group will publish its subcontracting fees and charges policy and actual end-of-year sub-contracting fees and charges on its website before the start of each academic year (and in the case of actual end of year data, as required by SFA). This will only relate to 'provision subcontracting' i.e. subcontracted delivery of full programmes or frameworks. It will not include the delivery of a service as part of the delivery of a programme. Provision subcontracting lists will be agreed with local SFA Officials prior to publication.

Pathway Group will ensure all actual and potential subcontractors have sight of this policy and any other relevant documents, such as the Fees and Charges Table. The Fees and Charges Table includes:

- The typical percentage range of fees retained to manage subcontractors, and how this range is calculated.
- Payment terms between the college and subcontractors – timing of payments in relation to delivering provision and timescale for paying invoices and claims for funding received.
- The contributory risk factors that may result in differences in support provided to or fees charged to different sub-contractors may include: - Previous track record - Success levels - Types of customer to be engaged - Types of provision to be undertaken - Contract duration - Activities undertaken on behalf of the subcontractor i.e. Internal verification

The Fees and Charges Table 2015/16

Pathway Group management fees, based on the percentage of all funding drawn down against the provision to be delivered, are determined by the nature of the programmes and the age of the learners. These fees represent the total cost that the Pathway Group incurs in effectively identifying, selecting and managing subcontracted provision and the risks associated with learners and provision.

All subcontractors are managed closely with regular QA activity to ensure that they comply with contract requirements set by external bodies.

The table is available to all actual and potential subcontractors and is designed to ensure transparency. Performance against annual contracts is reviewed on an ongoing basis and finally at contract renewal to ensure performance is in line with Pathway Group standard.

Further charges to cover additional costs may be added to the base fee to cover the cost to the Pathway Group of any additional support that Pathway Group deems necessary to ensure the quality of teaching and learning and the success rates of any sub contracted provision. Additional cost is determined using a weighted table of risk factors. The table is available to all actual and potential subcontractors. It is designed to ensure that the cost of any additional support provided to a subcontractor is covered through the funding retained. Additional costs could be recalculated at any point throughout the contract year dependent on performance. This approach will allow Pathway Group to focus support where and when it is needed.

Support provided to subcontractors

Pathway Group provides a Contract Manager to manage the relationship with the subcontractor. Pathway Group provides a Quality Manager to ensure that the quality of subcontractor's delivery meets its expectations and to support the continuous improvement of the subcontractor's provision.

Pathway Group provides administration support to ensure the timely recording of learner information on Pathway Group's ILR.

Pathway Group undertakes a regular and substantial programme of quality assurance checks on the education and training provided by subcontractors, including visits at short or no notice and face-to-face interviews with staff and learners. These checks include whether the learners exist and are eligible, and involve direct observation of initial guidance, assessment and delivery of learning programmes.

Pathway Group ensures that all of the subcontractor's delivery meets the Skills Funding Agency's Funding Rules.

Pathway Group ensures that any Apprenticeship provision delivered by subcontractors meets all of the required standards including individual Apprenticeship frameworks and the Statement of Apprenticeship Quality.

Additional support for sub-contractors

The precise additional support given to each sub-contractor will be negotiated with that sub-contractor, but will be based on a 'risk band' approach and may include:

- Additional site visits
- Additional session of observations of teaching learning & assessment
- Additional tutor support
- More rigorous verification
- Training – all subcontractors are invited to training sessions to support their development and delivery of their subcontracted provision eg documentation, funding methodology, new initiatives within apprenticeship frameworks, safeguarding and prevent training.

Risk Band	% to Partner	% Retained by Pathway Group
Red (High)	55	45
Amber	70	30
Green	72.5	27.5
Gold (Low)	75	25

Additional charges

Pathway Group may also retain funding to cover the cost of any funded activity that it might undertake on behalf of the sub-contractor such as:

- Awarding Organisation fees and charges
- Hiring of facilities/equipment within/from Pathway Group
- Internal Verification
- Additional 2.5% fee for use of Pathway Group licensing and branding.
- Directors Personal Limited Guarantee
- Recovery of costs incurred for non-conformity of contract delivery

Communication

This policy will be reviewed in each summer term and updated as required. It will be published on the Pathway Group web site during the July prior to the start of the academic year in which it will be applied. Potential subcontractors will be directed to it as the starting point in any relationship.



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