

## SUB-CONTRACTOR (SUPPLY CHAIN) FEES AND CHARGES POLICY FOR HIGHER AND DEGREE APPRENTICESHIPS

### Summary of principal changes

<b>General changes</b>	
Updates to ensure compliance with latest ESFA requirements.	
<b>Section</b>	
All	

(Amendments to version 01.0, UPR FR10 are shown in italics.)

### INDEX

- 1 [Definitions](#)
- 2 [Scope](#)
- 3 [Responsibility](#)
- 4 [Use of Sub-Contractors](#)
- 5 [On-going Quality Management](#)
- 6 [Sub-contracting fees and principles](#)
- 7 [Payment terms](#)
- 8 [Policy Communication](#)
- 9 [Policy review](#)
- 10 [Publication](#)

### 1 Definitions

**'Apprentice'** means an individual *who receives Apprenticeship Training and, where applicable, End-Point Assessment through an Apprenticeship standard funded by the ESFA.*

**'Apprenticeship'** means *a job with an accompanying skills development programme. This includes the Training and (where required) End-Point Assessment for an employee as part of a job with an accompanying skills development programme. The full definition of an approved English apprenticeship (standards) can be found in Part 1 of the Apprenticeships, Skills, Children and Learning Act 2009.*

**'Education and Skills Funding Agency' or 'ESFA'** means the Education and Skills Funding Agency, an executive agency of the Secretary of State for Education or any successor agency thereto.

**'Employer'** means an organisation that has a contract of service and an Apprenticeship agreement with an Apprentice. This can include an apprenticeship training agency (ATA). This may also include a company or charity whose PAYE scheme the Employer has connected to their apprenticeship service account in accordance with HMRC's definition of connected companies and charities. All references to an 'Employer' are in relation to the whole organisation and not individual sites or locations, groups, or companies linked by directors. It is envisaged, for the purposes of this Policy, that Employers will have a written contract with the University.

**'End-Point Assessment'** means a holistic and independent assessment of the knowledge, skills and behaviours, which have been learnt throughout an Apprenticeship standard. The requirements for End-Point Assessment are set out in the assessment plan for each specific standard.

**'Funding'** means the funding paid to the University towards the cost of Training and End-Point Assessment of Apprentices by the ESFA.

**'Funding Rules'** means the ESFA's funding and performance management rules for Employers, Main Providers and Employer Providers as amended from time to time. These rules form part of the terms and conditions for the use of funds in an Employer's apprenticeship service account or for government-employer co-investment.

**'Main Provider'** means the provider who holds the contract with the Employer or partner organisation. The Main Provider remains accountable for the quality of all aspects of delivery and the actions of its subcontractors. For the purposes of this Policy, the University of Hertfordshire is the Main Provider.

**'Sub-Contractor'** means a legal entity that has a contractual relationship with the Main Provider to deliver Apprenticeship Training funded by the ESFA. This excludes Apprentice assessment organisations and other sub-contractors used for different services, including help with marketing or data management. This also excludes sub-contractors who deliver any Training to an Apprentice that is in addition to the Apprenticeship and not funded through this route.

**'Training'** means the delivery of training and on programme assessment by a Main Provider or any organisation contracted to a Main Provider for this purpose.

## 2 **Scope**

This Policy details how the University of Hertfordshire ("the University") will apply fees and charges to contracts with organisations sub-contracted to deliver Training for Apprenticeships on behalf of the University. It outlines the University's Supply Chain Charges and Fees policy for the period from August 2018 onwards. It is published in line with the ESFA's requirements stated in the Funding Rules. *For the avoidance of doubt, this policy does not have general application to all subcontracting arrangements in which the University engages – it applies only to the subcontracting of Apprentice Training, in line with ESFA requirements.*

## 3 **Responsibility**

*This Policy shall be overseen by the Secretary and Registrar, who shall ensure that all relevant Sub-contractors are made aware of it.*

## 4 Use of Sub-Contractors

- 4.1 The University will enter *into appropriate* legally binding contracts with each Sub-Contractor where:
- 4.1.1 this will enhance the delivery of the Training for which the University has been funded by the ESFA; and/or
  - 4.1.2 the Sub-Contractor delivers niche provision, ensuring high quality teaching and learning attributable to the Sub-Contractors' extensive and focussed experience in the specialist areas; and/or
  - 4.1.3 this will ensure cost effectiveness of delivery; and/or
  - 4.1.4 sub-contracting widens the range of access, participation and progression opportunities for Apprentices.
- 4.2 However, the University's Training will only be sub-contracted where:
- 4.2.1 *appropriate due diligence (including in relation to academic quality, legal, health and safety and financial aspects)* has been undertaken to ensure that the Sub-Contractor can reasonably be expected to deliver the Training in accordance with the standards set by the University;
  - 4.2.2 *the use of the Sub-Contractor has been approved by the University's Academic Development Committee, including validation of the Sub-Contractor's ability to deliver the agreed Training;*
  - 4.2.3 *the University leads and maintains the relationship with each Employer and the University remains responsible for resolving any issues and disputes between the Employer and the Sub-Contractor; and*
  - 4.2.4 *there is an appropriate legally binding contract with each Sub-Contractor which complies with ESFA requirements, including but not limited to provisions governing the following:*
    - a *the Apprenticeship Training and/or on-programme assessment which will be delivered by the University (and not by the Sub-Contractor) for any one Employer has some substance and is more than a token amount;*
    - b *the use of a Sub-Contractor has been agreed by each Employer at the start of an Apprenticeship;*
    - c *requiring each Sub-Contractor which is not on the Register of Apprenticeship Training Providers to confirm that it will deliver less than £100,000 of Apprenticeship Training and on-programme assessment across all Main Providers and Employer-providers between 1 April and 31 March each year;*
    - d *requiring each Sub-Contractor which is on the Register of Apprenticeship Training Providers through the supporting application route to confirm that it will deliver less than £500,000 of Apprenticeship Training and on-programme assessment across all Main Providers and Employer-providers between 1 April and 31 March each year;*
    - e *an absolute prohibition on the Sub-Contractor further sub-contracting any of the Apprenticeship Training and/or on-programme assessment it delivers;*
    - f *a breakdown of evidence requirements and details of submission deadlines; and*
    - g *in accordance with the University's obligations under the Funding Rules, in the event that a Sub-Contractor undergoes a change of circumstance (including, for example, going into liquidation or administration, key delivery staff leaving the organisation, or removal of the Sub-Contractor from the Register of Apprenticeship Training Providers), the University will make alternative delivery arrangements for each Apprentice, in agreement with each Apprentice's Employer.*

## 5 On-going quality management

- 5.1 The University is dedicated to delivering a high-quality service to all Apprentices undertaking its Training. Where the University feels that the use of a Sub-Contractor will enhance this delivery, the University will work collaboratively with *the support of* that Sub-Contractor to ensure delivery is of the highest standard.

- 5.2 The University has *established* robust processes to ensure that Sub-Contractors adhere to the University's academic quality standards and values. *The quality of the sub-contracted provision will be monitored and managed through the University's existing quality assurance processes (pursuant to UPR AS17). The quality assurance processes include:*
- 5.2.1 approval of Sub-Contractors through the University's Academic Development Committee;
  - 5.2.2 approval and validation of the Sub-Contractors' ability to deliver the agreed Training;
  - 5.2.3 quality assurance audits *including a sample of progress reviews and Independent Learning Plans*;
  - 5.2.4 regular management meetings to ensure delivery success;
  - 5.2.5 *visits to the Sub-Contractor at short notice*;
  - 5.2.6 *face-to-face interviews with Apprentices and the Sub-Contractor's staff*;
  - 5.2.7 *direct observation of initial guidance, assessment and delivery of Training and/or on-programme assessment*;
  - 5.2.8 *ensuring that the University complies with its Prevent duty and counter-terrorism legislation through its sub-contracting arrangements*; and
  - 5.2.9 *annual monitoring and evaluation of programmes, including checking that the Apprentices exist and are eligible.*

## 6 Sub-contracting fees and principles

- 6.1 The University will *retain* a fee to cover management and administrative services ("**the Management Fee**"). The level of *Management Fee* will be calculated as a percentage of the total contract value agreed with the Sub-Contractor. This percentage will typically *range* from 10% to 25%. The final percentage agreed *will vary depending on:*

- 6.1.1 *the overall assessment of risk following the University's due diligence checks (with factors including but not limited to):*

- a *previous track record*
- b *success levels and retention rates*
- c *type of customers to be engaged*
- d *financial sustainability of the Sub-Contractor*
- e *health & safety*
- f *type of provision to be undertaken*
- g *contract duration*
- h *learner feedback*
- i *Employer feedback*
- j *quality of documentation*
- k *relevant Ofsted/QAA inspection reports*
- l *location*
- m *history of previous contracts (to date) with the University and their delivery*;
- n *financial sustainability of the Sub-Contractor*;
- o *size of the contract with regard to both Funding and number of Apprentices*; and
- p *references.*

- 6.1.2 *The level of support required for the individual Sub-Contractor including, but not limited to:*

- a *pre-contract advice and guidance*;
- b *the amount of support required by the University to aid delivery, including:*
  - i *CPD opportunities and planned training and development*;
  - ii *Teaching, Learning and assessment observations and coaching*;
  - iii *Safeguarding, British Values, Prevent and Equality and Diversity support*;
- c *the volume of support for audits of learning/visit evidence*;
- d *support with Funding Rules compliance*; and
- e *MIS reporting.*

6.2 *The exact Management Fee will be subject to negotiation and review with each Sub-Contractor and will be agreed by the University and the Sub-Contractor in writing. Sub-Contractors may be charged different Management Fees, depending on the above factors and consideration of their ongoing performance. All contracts with Sub-Contractors shall have an agreed maximum contract value.*

## 7 **Payment terms**

7.1 Payments to Sub-Contractors will be calculated on a monthly basis taking into account *the agreed contract terms with the relevant Sub-Contractor*, timely receipt of *the Funding* by the University, the *Management Fee*, and payments *made* to date.

7.2 Sub-Contractors must submit evidence by an agreed deadline in order to invoice in respect of *any Training* provided.

7.3 If the University pays the Sub-Contractor in relation to any Training that is subsequently demonstrated not to be eligible for payment of Funding by the ESFA, the University will be entitled to be fully refunded by the Sub-Contractor, *under the relevant contract*.

## 8 **Policy communication**

This Policy will be *made available* to current and potential Sub-Contractors *by email* and *shall be displayed on the University's external website*.

## 9 **Policy review**

This Policy will be reviewed *in August 2020 and at least annually thereafter*, in line with the Funding Rules. Should the Funding Rules *be amended* following publication, and should *such amendments* contradict this Policy, *the Funding Rules shall take precedence, and appropriate amendments to this Policy shall be made as soon as practicable to take into account such amendments to the Funding Rules*.

## 10 **Publication**

This Policy will be published on the University website.

Mrs S C Grant  
Secretary and Registrar  
Signed: **25 June 2019**