



5 E Ltd

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Sub-Contracting & Management Fees Policy

This Policy describes the arrangement by which 5 E Ltd 'hereafter referred to as the organisation' will secure the provision of funded training and education services through named subcontractor (s).

Through sub-contracting, the organisation is able to widen participation, respond to emerging opportunities, and market demands. Partnership allows engaging the community and learners who would otherwise not be involved in education and training.

In order to achieve this, the organisation has taken the strategic decision to sub contract part of its provision to partners who can support the delivery of our strategy.

1. Procurement

Procurement of sub-contractor services will always be in response to requests/approaches made by the potential contracting organisation.

2. Due Diligence

The organisation has a formal due diligence process as follows:

1. Agreement to progress onto the due diligence stage confirmed by Contracts Manager.
2. Issue of the due diligence document for completion by the potential sub-contractor
3. Receipt of the completed due diligence document and supporting evidence
4. Request for references made by the organisation

5. Review of due diligence information by Contracts Manager and a member of the Quality and Compliance Team.
6. A risk analysis conducted and documented collectively by the personnel above
7. Review of references obtained
8. A recommendation made to the Managing Director by Contracts Manager
9. Potential sub-contractor to be informed of decision

3. Contract Agreement

The organisation will use the model "Funding Agreement" published originally by the Skills Funding Agency, amended as required by mutual agreement between both parties. As minimum content, this document includes all of the mandatory requirements set out by the Skills Funding Agency each year within the Funding Rules and Regulations. Signatories will always be at Director Level within both organisations.

4. Management Fees

The organisation retains a management fee from all sub contacted partner organisations, typically this is between 15% and 30% dependent upon the level of risk assessed and support provided by the organisation to ensure the quality of teaching, learning and assessment meets the required standards and the contractor complies with all regulatory and contractual requirements. The fees

charged reflect the cost of the procurement process, the management of the contract, and support services provided to our supply-chain. Where less or additional support is required, our fees will be flexed to reflect costs.

5. Reasons for Differences in Fees Charged

Not all subcontractors are charged the same management fee, differences in fees are dependent upon the level of support required, the experience of the sub-contractor, their target learners, their track record, published success rates, and

- All management fees are based on the readiness of the subcontractor to deliver a subcontract on the organisation's behalf;
- The level of risk determined by the due diligence process.
- The vocational routes / funding lines contracted for and the levels of risk associated with those vocational routes / funding lines;
- The additional support that the subcontractor may need to raise quality of learning and standards overall. Evidenced by;
 - a) Frequency of quality assurance reviews undertaken between the organisation and the subcontractor.
 - b) The existing level of experience within FE sector that the subcontractor holds prior to subcontracting with 5E, determines the level of support given; which is subsequently reflected in the management fee.
 - c) The existing experience and readiness for an Ofsted Inspection and associated preparations

6. Support for Sub Contractors

In return for the management fee charged by the organisation sub-contractors will receive a high level of support and guidance, including the following;

- a) advice and guidance at pre-contract stage
- b) certification and registration with awarding bodies if required
- c) observation of teaching, learning and assessment
- d) regular review meetings with progress reports
- e) support with funding rules compliance
- f) on-going administration support, including in-depth checks of evidence submitted, and regular feedback on issues identified
- g) input of enrolment documentation submitted
- h) submissions of data to funding organisations
- i) regular financial reports to inform invoicing
- j) on-going data checks and support to resolve data queries
- k) on-going support to address any areas for improvement
- l) quality improvement support (see section 7)

7. Improving the Quality of Teaching and Learning

In line with our quality improvement cycle, the organisation will support, develop and share good practice through; quality reviews, compliance visits, compliance meetings, observations of teaching and learning, and learner and employer feedback. the organisation further provide training and support to all subcontractors in meeting the 'OFSTED' Common Inspection Framework criteria including Self-Assessment Report consultations

8. Financial Health Assessment of the Provider

The organisation undertakes a financial health assessment of all subcontractors. This is to mitigate the risk to the organisation and the contracts that they may potentially let to a sub-contractor. Provisional subcontractors with proposed contract values in excess of £100,000 are required to register and pass the ESFA Due Diligence gateway arrangements before a subcontract can be let.

Further investigations of the subcontractor would be undertaken if the provider has any of the following:

- a) Ofsted has awarded the provider inadequate for Leadership and Management
- b) Any irregular financial or delivery activity arises.
- c) Sanctions are placed on the subcontractor by the awarding body
- d) Non-delivery of training
- e) Negative feedback received from learners

9. Reporting Subcontracting arrangements

The organisation will declare to the Skills Funding Agency on a bi-yearly basis the amount of subcontracted provision undertaken as well as a declaration of the individual providers, whom the organisation subcontracts with.

10. Policy Communication

The policy will be published on the organisation's website and will be available on the staff info board and policy folders at all sites.

11. Policy Review

This was reviewed in June 2018 and is due for next review in June 2019.

If you require this policy in a larger font size, please contact the HR Department.