



Subcontractor Rationale, Policy and Fees

Aim

This policy aims to clarify the arrangements of fees and charges with those organisations that have subcontracting agreement with The Chartered Institute of Building (CIOB). Full details of subcontracting arrangements are given in the subcontractors contracts that are agreed with individual subcontractors.

This policy will be published in accordance with the requirements of our funder, the Education and Skills Funding Agency, and will be reviewed annually.

This policy applies to all supply chain activity supported with funds supplied by The Education and Skills Funding Agency (ESFA) or any successor organisations. Where a partnership or collaboration is formed, these arrangements should not be confused with subcontracting, and they do not fall within the scope of this policy.

ESFA Apprenticeship definition of a subcontractor “A separate legal entity or an individual that has an agreement (called a subcontract) with you to deliver any element of the education and training we fund. A separate legal entity includes companies in your group, other associated companies and sole traders. An individual could include a person who is a sole trader, self-employed or employed by an agency unless those individuals are working under your direct management and control in the same way as your own employees.”

Context

The content of this policy has been developed in line with ESFA funding rules and supply chain management. The ESFA funding rules are accessible online - [Apprenticeship Funding Rules](#).

Commitment

Our commitment when working through a subcontractor, we commit to optimise the impact and effectiveness of service delivery to the end user by:

- Aligning our processes with the subcontractor
- Undertaking fair and transparent procurement activities
- Conducting robust due diligence procedures
- Maintaining and publishing a fees and charges policy that relates the management fee (i.e. the retained funding) to the costs of the services provided
- Clearly documenting and agreeing with all parties, the fees and charges applied to each subcontract.

Subcontracting Rationale

CIOB subcontracts to delivery partners to meet one over-arching strategic priority:

To meet the needs of our employers and learners. As such the following are the key principles, we follow to select a new subcontractor:

- Fit with our strategic objectives
- Bring positive local community benefits and wider participation
- Complement and add value to the work that CIOB does
- Complement but not compete with our existing portfolio
- Are aligned to the key sectors that CIOB or the Government prioritise
- Have a track record of high achievement rates
- Are willing to engage in a mutually supportive relationship built on trust and respect
- Have reputation and standing within the sector / market.

Summary of Rationale for Subcontracting

- Reasons for subcontracting – If apprentices need to enrol for Functional Skills English and Maths alongside their main programme, we work closely with our selected subcontractor to deliver this. This ensures access to specialist expertise in Functional Skills English and Maths including links to Awarding Organisations.
- Level of subcontracting – all Functional Skills English and Maths if apprentices don't already have exemptions.
- Distance subcontracting – delivery/assessment can now 100% online since this provides increased flexibility. Arrangements can be made for face-to-face delivery where this is jointly agreed by all parties.
- Contract Review plus monthly Operational Management Review.

Quality assurance (QA)

(QA) Subcontracted activity is as important as directly delivered provision. The quality of provision will be monitored and managed through existing Quality Assurance Policy, Observation of Teaching, Learning and Assessment Policy and Audit Policy.

Subcontracting Fees and Charges

CIOB will charge a management fee of the funding drawn down from the Education and Education and Skills Funding Agency against the provision that is to be delivered. The level of the management fee depends upon the risk assessment of the subcontractor and the degree of support that the deliver partner and subcontractor require.

The fee is intended to cover the costs of:

- Annual contract review and planning meeting
- Monitoring meetings (Teams / Telephone / Face to Face / Email)
- Support
- Training and support on administrative process, systems and paperwork
- Timely records, payments, invoicing arrangements
- Single point of contact for queries
- Access to Safeguarding / Equality & Diversity training and materials
- Information, Advice and Guidance.

Rates vary between 10% and 20% management fee for courses funded through the Education and Skills Funding Agency although the full payment terms will be detailed in the contract. Further charges may be added to the standard fee to cover additional costs that we consider necessary, or the subcontractor requires.

Functional Skills Charges

We take a **10%** management fee for CIOB and transmit **90%** of the funding for these subcontracted programmes directly to our subcontractor. This management charge covers CIOB's expenses for overseeing the subcontractor, including compliance and quality duties like monitoring Functional Skills tutors and conducting routine progress evaluations.

We agree to use subcontractors with employers before confirming any subcontract delivery, clarifying specifics in the contract schedule such as the justification for subcontracting, all services to be subcontracted, and how we calculated the associated costs.

Assessment of the subcontractor for suitability

Each subcontractor is assessed through our Due Diligence process and a risk rating is applied. This is reviewed each quarter and management fees are adjusted annual to reflect the performance over the previous year.

In the event of the subcontractor being unable to complete their contract, CIOB will endeavour to ensure minimum disruption to learners whilst alternative arrangements are secured in line with the contingency plans that relate to the contract. There may be additional charges, to cover such items as Awarding Organisation fees and administrative fees, and these payments will be agreed in advance with the subcontractor.

Payment terms

Subcontractor payments will be calculated as a percentage of the funding generated by actual activity recorded in CIOB's Individualised Learner Record (ILR) data and paid within one month of the published ILR return dates for the provision.

Payments will be tracked on a rolling profile, to reflect and changes to learner records such as deletions or withdrawals.

To ensure payments can be made in the correct period, evidence of any enrolment, transfer, withdrawal or achievement must reach CIOB by the dates set out in the subcontractor contract/agreement. Evidence that is submitted after this date, or submitted with error, is likely to miss the payment for the month.

Sharing information with subcontractors

We commit to ensuring that all potential subcontractors have sight of this policy and any other relevant documents in advance of the tendering and due diligence. We share with our subcontractors what they need to do in order to reduce their risk rating. A new risk assessment is carried out each year, for each subcontractor and the charges for the forthcoming year are adjusted accordingly.

Publication of information relating to sub-contracting in compliance with ESFA (and other agency) rules that apply, we publish these fees and charges policy before the start of each funding year on our website.

Ahead of each funding year we intend to publish this policy after a full review, and it will be signed off by the person charged with overall responsibility for the organisation in the governance structure. Once reviewed, the updated policy will be published by 31st October each year.

Communication

This policy is reviewed each year and updated as required. It will be published on our website prior to the start of the academic year in which it will be applied. Potential subcontractors will be directed to it at the starting point in any relationship.

Breakdown of fees (Charges – Breakdown):


1, List of all services the Main Contractor will provide to them and the associated costs for doing so (in terms of percentage), which covers a list of individually itemised, specific costs that the Main Contractor will charge for managing the subcontract and how these are reasonable and proportionate to the delivery of subcontracted provision

2. This includes the specific costs for quality monitoring activities and specific costs for any other support activities offered by the Main Contractor to the subcontractor and how these contribute to the delivery of high-quality learning.

An example breakdown of costs below are based on the stated management fee – **10%** specific for functional skills. See the table below as to the breakdown for functional skills only.

Service Provided	Cost %	Contribution to ensure high quality training (reasonable and proportionate to the delivery of subcontracted provision)
<p>Processing the ILR and ensuring the documentation is fully compliant.</p> <p>Audit and data- CIOB carries out a full funding audit on all learner documentation via internal systems. Audit errors highlighted and addressed with the Subcontractor to ensure continuous improvement and a high-quality.</p> <p>Compliance checks to include learner eligibility, prior learning and programme suitability.</p>	2	All services provided are aimed at delivering the highest quality learning to all learners
<p>A dedicated Apprenticeship Management team that is available to provide day to day support and guidance on funding rules, compliance, delivery issues, support/intervention and undertake site visits, including scheduled Teaching and learning observations.</p>	1	All services provided are aimed at delivering the highest quality learning to all learners
<p>Training for the observation of Teaching, Learning and Assessment to enable partners staff to undertake observations following Main provider policies and procedures.</p>	2	All services provided are aimed at delivering the highest quality learning to all learners
<p>Help to support the completion of a Self-Assessment report and annual QIP. Feeding into the wider SAR for CIOB.</p>	1	All services provided are aimed at delivering the highest quality learning to all learners
<p>Contingency planning for intervention supporting partners with additional requirements to improve the quality of delivery and monitoring.</p>	1	All services provided are aimed at delivering the highest quality learning to all learners
<p>Detailed quality calls/online surveys to both employers and apprentices to ensure the learner has confidence in delivery.</p>	1	All services provided are aimed at delivering the highest quality learning to all learners

<p>An experience apprenticeship manager will carry out unannounced remote 'Desk Top' audits on learner files to monitor quality of learner work and feedback. Evaluate impact of Tripartite reviews and compliance against funding- OTJ/Progress.</p> <p>Development of teaching practices and engagement with cross organisation CPD and standardisation. Delivery of set subject areas within the programs.</p>	2	All services provided are aimed at delivering the highest quality learning to all learners
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Signed By	
Printed Name and Position	Steve Conopo Head of Apprenticeships