

## **Sheffield City Council: Education and Skills**

### **Delivery Sub-contracting Policy 2022-23 – July 2022**

#### **Adult Education Budget (AEB) and Apprenticeship Funding**

The following policy relates to Sheffield City Council Education and Skills and its sub-contracting arrangements with regard to Education and Skills Funding Agency (ESFA) and South Yorkshire Mayoral Combined Authority (SYMCA) funded delivery.

#### **Sheffield City Council's Contribution to Improving Sub-contractors AEB Teaching & Learning, Apprenticeship Training and On Programme Assessment**

Sheffield City Council undertakes comprehensive support to sub-contractors to ensure improvements in teaching, learning and assessment, apprenticeship training and on-programme assessment that take place over the contracted period. Support provided includes:

- Training and the implementation of peer Observations of Teaching, Learning & Assessment
- Advice to support the implementation of Teaching, Learning and Assessment Development Plans.
- Focused training sessions to understand our approach to quality assurance and our expectations
- Implementation of Quality Assurance Cycle activities such as Teaching, Learning and Assessment audit and reviews
- Support in the production and review of the annual Self-Assessment Report and Quality Improvement Plans
- Preparation support work for external inspections such as, Ofsted Inspection
- Support for additional funding bids if appropriate to the service
- Generic support Workshops & Network Meetings

#### **How Sheffield City Council Identifies Support Required for Sub-contractors**

Sub-contractors receive a level of support based on their risk banding, due diligence, performance against contractual KPI targets, Ofsted grade, and contribution towards self-assessment report/quality improvement plan for the Service.

#### **Delivery Sub-Contracting Policy: Communication to New and Existing Delivery Sub-contractors**

The Delivery Sub-Contracting Policy is reviewed on an annual basis. It is communicated to both current and potential sub-contractors during the contract negotiation period which takes place in July, August, and September of each academic year for AEB sub-contractors, and throughout the year for Apprenticeship sub-contractors.

### **Informing Potential Sub-contractors of The Rationale Behind Sheffield City Council's Contract Support and Associated Costs**

The following information is passed onto sub-contractors before a contract is entered into during the pre- delivery negotiations and during pre-contract due diligence checking process.

#### **Reasons for Sub-Contracting**

Sheffield City Council undertakes sub-contracting of provision for the following reasons:

- To meet the City Region Education and Skills Development Programme and growth needs.
- To ensure that Sheffield has a wide-ranging offer of learning and training which meets the economic, social and academic demands of the city's population.
- To deliver specialist and niche provision to vulnerable and/or disadvantaged groups.
- To address gaps in provision that cannot be accommodated within its own delivery training centres.
- To ensure employer choice.
- To meet the strategic aims of the Council's Apprenticeship programme.
- To meet the strategic aims of the Community Learning AEB Grant

#### **Contract Support Services Received By Sub-contractors From Sheffield City Council**

Sub-contractors receive the following contract support from Sheffield City Council:

Regular quality provider reviews covering the following aspects:

- Monitoring of performance (including progress against profile; recruitment, pass rates, retention rates, attendance and achievement rates, progression and destination where applicable).
- Records of Observation of Training, Teaching, Learning and Assessment/ or Learning Walks

- Quality recommendations that support appropriate levels of delivery performance
- Contractual changes since the last review.
- Organisational and delivery arrangement changes since the last review.
- Finance – monitoring of payments.
- Advertising and marketing activity.
- Information and paper flows.
- Receipt and use of programme tracking documents
- Safeguarding and Prevent
- Short notice or unannounced visits.
- Equal Opportunities
- Health & Safety

#### Data & Finance Support

Data and finance support is provided including paperwork briefings, production of management information reports, generation of purchase order, payment of invoices, submission of funding claims to both the ESFA and SYMCA and preparation for any external audits.

Regular best practice events delivered to sub-contractors across all programmes.

#### Improving Sheffield Council Education and Skills AEB Teaching and Assessment, Quality of Apprenticeship Training and On - Programme Assessment

Sheffield City Council undertakes the following activity to ensure improvements in teaching and learning, apprenticeship training and on-programme assessment that take place over the academic year.

- Observations of Teaching, Learning & Assessment and/or Learning Walks across all Education and Skills Funding Agency and Sheffield City Region funded programmes
- Training and the implementation of peer activity to support best practice identified from quality cycle activity and recommendations
- Monitoring sub-contractors to ensure implementation of effective policies and procedures relating to teaching and learning, including assessment and verification policies and procedures, to meet the expected performance of good quality provision.

- Production and review of best practice and areas for development that will inform action plans, following Observations of Teaching and Learning and/or Learning Walks
- Focused training sessions to understand our approach to quality assurance and our expectations
- Implementation of Quality Assurance Cycle activities such as Teaching, Learning and Assessment audit and reviews
- Implementing the Service RARPAP process to ensure effective, recording of assessment and capturing progress of learner journey. Evidence collected for RARPAP gathered to ensure quality standards are consistent and robust.
- The production and review of the overall annual Self-Assessment Report and Quality Improvement Plans through sub-contractor contributions
- Preparation support work for external inspections such as, Ofsted Inspection

## **Calculating Cost of Providing Sub-contracting Management Support**

### **Apprenticeship Management Fees**

In the 2022-23 academic year, Sheffield City Council will retain a management fee for Apprenticeship delivery on a sliding scale based on performance ranging from a maximum of 15% to a minimum of 5% except for higher level apprenticeships, at level 6 and above, where the scale will be a maximum of 10% to a minimum of 3% management fee will be levied.

The City Council determines that the sliding scale of management fee charge is reasonable, fair and inclusive, given the broad range of sub-contractors used. The charge takes into account that some suppliers are organisations requiring further support and some sub-contractors are large corporate organisations.

### **Adult Education Budget Management Fees**

In the 2022-23 academic year, Sheffield City Council will retain a management fee of 15% for Adult Education Budget delivery.

The City Council determines that the 15% management fee charge is reasonable, fair and inclusive, given the broad range of sub-contractors used. The charge takes into account that some suppliers are community-based organisations requiring further support and some sub-contractors are large corporate organisations.

### **Calculation of Management Fees**

The management fee is calculated based on the cost of providing sub-contractors with contract management, quality monitoring, and Data & Finance Support.

A breakdown of percentage cost per contract support activity is shown as follows:

<b>Specific Support Activity Provided</b>	<b>% Management Fee Spent On Contract Support Activity for Adult Education Budget</b>	<b>% Management Fee Spent On Contract Support Activity for Apprenticeships</b>	<b>% Management Fee Spent On Contract Support Activity for Higher Level Apprenticeships Level 6 and above</b>
<b>Contract Management</b> (including Procurement, Due diligence, Contract Monitoring reviews, and external audit preparation.)	5%	5% to 1%	3% to 1%
<b>Quality Monitoring</b> (including Ofsted preparation and quality assurance support)	5%	5% to 2%	2% to 1%
<b>Data &amp; Finance Support</b> (including data processing, finance processing, exam costs, external audit preparation, and support from Sheffield City Council staff)	5%	5% to 2%	5% to 1%

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## **Payment Terms to AEB Sub-contractors**

### **Payment Process – Delivery of Non-Regulated Adult Learning Provision**

- A payment of 50% will be made upon receipt and checking of learner enrolments.
- Enrolments should be returned within 2 weeks and the service will complete checking within 1 week of receipt.
- The final payment of 50% will be made at the end of the programme after validity checks have been made for evidence of learning.
- Final evidence will include completion of all learner evaluations, submission of all ILPs and associated learning evidence.

### **Course Paperwork Submission Deadlines**

Potential suppliers should note the following deadlines for final submission of Community Learning course paperwork to Sheffield City Council in order to ensure payment for delivery.

Courses Delivered in Autumn Term	5pm Friday 6 <sup>th</sup> January 2023
Courses Delivered In Spring Term	5pm Friday 14 <sup>th</sup> April 2023
Courses Delivered In Summer Term	5pm Friday 4 <sup>th</sup> August 2003

### **Payment Process – Adult Education Budget**

Payments will be made to potential suppliers based on the following criteria:

- The delivery of a qualification aim agreed in the contract negotiation process which is listed on the Find a Learning Aim Government portal and subsequently included in the potential provider's contract profile of delivery.
- Payments will be based on the tariffed price per qualification as listed on the Find a Learning Aim Government portal <https://findalearningaimbeta.fasst.org.uk/> Adult Education Budget funding rates and formula 2022 to 2023 – minus the 15% management fee.
- Payments will be based on actual submission of accurately completed course paperwork, including learner enrolment forms, course registers, qualification achievement evidence, and where applicable learner fee remission evidence.

- Payments will be made on the actual recruitment, learner funding eligibility, learner employment status and learner paperwork submissions. Payments will not be based on profiled starts shown in contract.
- Learners will only become eligible for funding after they have been retained on programme for the minimum qualifying period and this is predicated by the length of the learning programme.

Length of the learning aim	Qualifying period
168 days	42 days
14 to 167 days	14 days
Fewer than 14 days	One day

- Payments will be based on actual Adult Education Budget earnings drawn down from the Education and Skills Funding Agency/SYMCA funding rules.
- All payments will be subject to the deduction of a 15% Sheffield City Council Management Fee.
- Payments will be made on actual learner earnings on the following dates.

Payment dates	Delivery dates
Friday 25 <sup>th</sup> November 2022	Delivery from September to October 2022
Friday 27 <sup>th</sup> January 2023	Delivery from November to December 2022
Friday 24 <sup>th</sup> March 2023	Delivery from January to February 2023
Friday 26 <sup>th</sup> May 2022	Delivery from March to April 2023
Friday 28 <sup>th</sup> July 2022	Delivery from May to June 2023
Final payment date no later than 29 <sup>th</sup> October	Covering July 2023 delivery and outstanding achievement

- In the event of late submissions of course paperwork or qualification achievement evidence after the 31<sup>st</sup> July 2023 a final payment will be made to potential providers no later than the 29<sup>th</sup> October 2023.
- Potential Providers should note that 80% of learner Adult Education Budget earnings are secured through learner retention on programme and the remaining 20% is secured through the achievement of the qualification aim.
- Potential providers should note that all Education & Skills Funding Agency and Sheffield City Region funding is subject to both internal and external audit. Any

overpayments identified due to non-compliance will be subject to financial claw back or a reconciliation of outstanding due payments.

### Payment of AEB Invoices

Payments for Adult Education Budget (AEB) delivery are made 30 days after the receipt of invoice. All payments to sub-contractors are made in line with Sheffield City Council payment procedures.



## Apprenticeships Pricing / Payment Mechanism / Funding - May 17 onwards.

For apprenticeship commencing from 1<sup>st</sup> May 2017 and after.

### Frameworks and Standards

### Pricing / Payment Mechanism / Funding

1. The following list of funding types may form part of a monthly payment dependent on the individual circumstances of each apprenticeship as specified in the funding rules including the Apprenticeship Technical Funding Guide for Starts from May 2017.
  - A. Employer Levy Payment or Co-Investment
  - B. Apprenticeship Instalments
  - C. Additional Payments
    - i. Support for Younger Apprentices – 16-18 years old Provider £1000 Incentive
    - ii. Eligible 19-24 years old with EHC plan or has been in the care of their local authority
    - iii. Support for Younger Apprentices – 16-18 years old Employer £1000 Incentive
    - iv. Support for Younger Apprentices – 20% Standard Instalments Uplift (20% held back until Standard Completion)
    - v. Support for Younger Apprentices – Standard Completion
    - vi. Disadvantage Funding
  - D. Other Payments
    - i. English and Maths
    - ii. Learning Support Fund
  - E. Apprenticeship Completion
2. A Management fee will be levied of 15% to 5% for apprenticeship at levels 2 to 5, and 10% to 3% for level 6 and above by the Purchaser on all payment with the exception of:
  - a. C iii. Support for Younger Apprentices Employer £1000 Incentive, which will be passed on in full to the employer
  - b. D ii Learning Support Fund
3. Tier 1 and 2 sanctions will be applied to Training Sub-Contractor's monthly payment as set out in the Performance Mechanism at Schedule 3, and the Training Sub-Contractor (provider) monthly monitoring and KPI process at Schedule 8 of the contract.

4. Where employer co-investment is required, the employer must pay the full co-investment for the whole apprenticeship within 30 days of the apprenticeship starting. If an employer fails to make the required payment then the apprenticeship will be removed from the Individual Learner Record (ILR) and no ESFA funding will be drawn down or paid to the Training Sub-Contractor.
5. Alternative employer co-investment payment schedules can only be arranged and agreed with the employer by the Purchaser. Payments to the Training Sub-Contractor will cease if the employer fails to make any co-investment payment in line with the agreed alternative payment schedule. The Purchaser will work with the Training Sub-Contractor to resolve the co-investment underpayments with the employer. Where a resolution cannot be found the apprenticeship will cease and alternative arrangements may be considered for the apprentice.
6. The Purchaser will be responsible for the collection, evidence and recording on the ILR of the employer co-investment. The Purchaser will pay the employer co-investment to the Training Sub-Contractor as part of the monthly payments in equal instalments over the number of planned months of the apprenticeship. Appropriate deductions will be made including the management fee, completion payment, and applicable tier 1 and 2 financial sanctions.
7. For Standards the Apprenticeship completion payment from the ESFA and 20% of any Employer Co-investment will be used to cover the cost of the End Point Assessment (EPA).
8. Where an apprentice does not complete the apprenticeship the Training Sub-contractor shall not receive any completion payment for that apprentice.
9. The Purchaser shall not pay more than the Price less the Purchaser's management fee (15% to 5% for levels 2 to 5 and 10% to 3% for level 6 and 7) for any Qualification.
10. Unless agreed otherwise between the Purchaser and the Training Sub-Contractor in writing, the Purchaser shall pay the Training Sub-Contractor within 30 days of the date the Purchaser completes the Training Sub-Contractor Monthly Monitoring and KPI Procedure, which is when the contracting team instruct the finance team to release payment. (See schedule 8).
11. The Training Sub-contractor must notify the Purchaser in writing of any over-payment of funding received and repay on receipt of a written request.
12. The Purchaser shall pay the funding directly into the Training Sub-Contractor's chosen bank account through BACS (the Bankers Automatic Clearing System) unless the Parties agree an alternative arrangement in writing.



## Performance Mechanism

### Sanctions

The table below sets out the sanctions that will be implemented based on the Training Sub-Contractor performance. Tier 1 has a set of associated Key Performance Indicators (KPIs).

Tier	Sanction								
1	<p>Tier 1 financial sanctions will be applied once a Tier 1 sanction threshold has been met and further KPI fails occur. Financial sanctions will continue to apply to subsequent KPI fails until there have been no KPI fails for three consecutive months. Refer to the Training Sub-Contractor Monthly Monitoring and KPI Process procedure for details of the application of financial penalties, improvement plans, and the correction, challenges and appeals processes.</p> <p>When a Tier 1 financial threshold is met KPI fails will attract a percentage reduction in the total payment due for the month in which the KPI fails are identified by the Purchaser as shown in the table below.</p> <table border="1" data-bbox="517 837 1140 1163"> <thead> <tr> <th data-bbox="517 837 819 954">Number of KPI Fails in a Month</th> <th data-bbox="819 837 1140 954">Percentage Reduction Applied</th> </tr> </thead> <tbody> <tr> <td data-bbox="517 954 819 1023">1</td> <td data-bbox="819 954 1140 1023">3%</td> </tr> <tr> <td data-bbox="517 1023 819 1091">2</td> <td data-bbox="819 1023 1140 1091">4%</td> </tr> <tr> <td data-bbox="517 1091 819 1163">3 or more</td> <td data-bbox="819 1091 1140 1163">5%</td> </tr> </tbody> </table> <p>The Training Sub-Contractor will receive a monthly KPI report via Anycomms with the monthly payment summary identifying if any KPIs have been failed and the resulting funding reduction.</p>	Number of KPI Fails in a Month	Percentage Reduction Applied	1	3%	2	4%	3 or more	5%
Number of KPI Fails in a Month	Percentage Reduction Applied								
1	3%								
2	4%								
3 or more	5%								

	A Tier 1 performance adjustment as set out in the table above shall be in addition to any Recovery of Funds.
2	<p>A Tier 2 sanction will be applied where concerns are identified about the performance, quality or compliance of a Training Sub-Contractor. The following list of examples is not exhaustive:</p> <ul style="list-style-type: none"> <li>• Failure to meet any delivery process requirements</li> <li>• Consistently failing KPIs</li> <li>• Low success rates in one or more SSAs</li> <li>• Slow learner progress</li> <li>• Insufficient employer involvement</li> <li>• Failure to provide withdrawal, completion paperwork, or notification of the continuation of learning beyond the planned end date, by the end of year deadline. (See KPI 1.2).</li> </ul> <p>In the case of a Tier 2 sanction, a letter will be issued explaining the reason/s for the sanction and that the following will apply:</p> <ul style="list-style-type: none"> <li>• No new Orders shall be placed with the Training Sub-Contractor</li> <li>• All payments will be suspended until the identified issues that resulted in the Tier 2 sanction have been remedied to the satisfaction of the Purchaser</li> <li>• On successful resolution of the identified issues, payments will be released, minus a 5% deduction applied for each calendar month where the Tier 2 sanction was in place.</li> </ul> <p>A Tier 2 performance adjustment as set out in the table above shall be in addition to any Recovery of Funds.</p>
3	<p>Contract Termination</p> <p>In all circumstances provided for by this Contract including, but not limited to, the following circumstances:</p> <ul style="list-style-type: none"> <li>• Serious underperformance against KPIs</li> <li>• Financial or legal irregularities</li> <li>• Serious issue of safeguarding that have not been identified or addressed by the Training Sub-Contractor</li> <li>• Serious allegations made by learners or employers. For the avoidance of doubt, termination will only be considered where any such serious allegations are substantiated.</li> </ul>

- Failure to meet due diligence requirements or to produce evidence as requested by the deadlines required
- Where the Training Sub-Contractor is not able to deliver the learning agreed or does not have appropriate capacity, resources or infrastructure and is demonstrably affecting the progress and achievement of learners
- The performance of the Training Sub-Contractor is significantly below the national average for their sector.
- The Training Sub-Contractor consistently fails to address issues that have been identified by the Purchaser, and/or does not engage in communication, and/or QPRs and/or does not attend events or complete required documentation on time.
- The Training Sub-Contractor is removed from the Register of Apprentice Training Providers (RoATP).
- The ESFA instruct the Purchaser to cease contracting with the Training Sub-Contractor.

If a decision is taken to terminate the contract a formal letter will be sent from the Purchaser to the senior designated person within the Training Sub-Contractor to inform them of the decision made, further action to be taken and the arrangements to transfer the Apprentices to alternative provision.

In accordance with the terms of this Contract no new orders will be placed with the Training Sub-Contractor, existing Apprentices will be transferred to an alternative provider(s) and this Contract shall be terminated.

### Training Sub-Contractor Payment of Apprenticeship

Unless agreed otherwise between the Purchaser and the Training Sub-Contractor in writing, the Purchaser shall pay the Training Sub-Contractor within 30 days of the date the Purchaser completes the Training Sub-Contractor Monthly Monitoring and KPI Procedure, which is when the contracting team instruct the finance team to release payment. Refer to the contract - Schedule 8 - Training Sub-Contractor Monthly Monitoring and KPI Procedure.

## **Review and Publication of the Delivery Sub-contracting Policy**

The Delivery Sub-contracting policy is reviewed in June of each year when the final versions of Education and Skills Funding Agency funding and contracting guidance is issued to Sheffield City Council.

The Delivery Sub-contracting policy is published in July on the Sheffield City Council website.

K Straughan  
14/09/2022 15:00:29

**SIGNED:** *Kevin Straughan*

Kevin Straughan

Director of Education and Skills (Interim)

Date:

L Gough  
29/09/2022 15:29:33

**SIGNED:** 

Liz Gough

Head of Service: Finance & Commercial Services Business Partner

Date:



This Document has been Signed with a **secure electronic signature** via E-Sign.

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