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Subcontracting Rationale and Supply Chain Fees Policy

1. Policy Statement

Pendersons Limited is committed to growing and diversifying the range of courses it delivers to widen participation, deliver to niche markets, engage in new and emerging markets and meet the regional and local economic development agenda. To achieve this, Pendersons Limited has taken the strategic decision, under the guidance of the UK Partnership Strategy, to subcontract an agreed part of its provision to partner organisations who can demonstrate high quality delivery.

2. Scope

This policy applies to all supply chain activity supported by funds supplied by the Education and Skills Funding Agency (ESFA) or any successor organisations.

This strategy covers two key areas of subcontracting:

1. Provision subcontracting where there is the delivery of full programmes, frameworks and standards by the Subcontractor.
2. Service subcontracting where the delivery of a service as part of the delivery of a programme such as procuring the delivery of part of an Apprenticeship, Framework, Standards or outreach supports.

Within both cases, Pendersons Limited retains full accountability for contract delivery.


3. Reason for offering Partnering Opportunities

- To expand our provision with new courses or delivery models that the Academy is currently not equipped to deliver or target specific communities Pendersons Limited are unable to reach.
- Diversify our provision in terms of scope or scale including the development of new SSA areas or geographies linked to new or existing business contracts that the Academy alone could not sufficiently provide coverage.
- Support a small number of trusted partners to develop and deliver on national programmes or with employers who have multiple centres or venues.
- Maintain market share and look to expand contract values supporting small providers to develop and grow their specialist provision.

4. Overarching Principle

Pendersons Limited will commit to the overarching principle to optimise the impact and effectiveness of service delivery to the end user by:

- Undertaking fair and transparent procurement activities, conducting robust due diligence procedures.

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- Relating the management fee to the costs of the services provided

5. Subcontracting Rationale

Upon commencement of the subcontracting process, Pendersons Limited will consider a business case proposal to ensure that the subcontracting will be in the best interests of all parties.

We will ensure that:

- The proposed delivery is in the best interests of learners and employers
- The proposed delivery has a clear strategic fit with our mission, objectives and values
- There is sufficient expertise within Pendersons Limited to quality assure the provision
- There is sufficient staff resource in support areas to administer the processes
- The Subcontractor is approved by our due-diligence process
- There is sufficient funding available within our funding contract
- The Subcontractor agrees to work within the terms of our contract.


6. Improving the Quality of Teaching and Learning

Subcontracted partners will be expected to meet Pendersons Limited quality assurance standards, with the Academy being committed to supporting, developing and sharing good practice and professional development of staff through quality reviews, operational meetings, observations of teaching and learning and learner and employer feedback.

Subcontracted activity is an important part of Academy's provision as identified within the UK Partnership Strategy. The quality of the provision will be monitored and managed through our existing quality improvement process with the Academy's Self-Assessment Report / Academy Action Plan (AAP) process ensuring continuous improvement in all parts of the learner journey.

7. Management Fees

Pendersons Limited retains a management fee from all subcontracted partner organisations, with this ranging from 20% to 50%. The fees charged reflect the cost of the procurement process and the management of the contracts in line with ESFA funding guidelines.

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The exact mix and level of support for each Subcontractor will vary depending on the needs of the individual Subcontractor. However, they will receive a high level of support and guidance and access the Academy systems, including: -

- Quality management systems
- Certification and registration with awarding bodies if required
- Management Information Services and data control advice
- Audit of management systems and delivery and observation of teaching,
- Learning and assessment
- Safeguarding of Young People and Vulnerable Adults procedures
- Health and Safety compliance
- Teaching, Learning and Assessment observations and coaching

CPD Opportunities and planned training and development: -

- Policy development
- Support with Funding Rules compliance
- Regular national updates regarding funding and policy guidance
- Tri- yearly Review Meetings
- Equality, Diversity & Inclusion support

Not all Subcontractors are charged the same management fee with the differences in fees being dependent upon the level of support required, the experience of the Subcontractor, their target learners; their track record, published success rates and the level of risk as determined by the due diligence process. It is calculated to include the costs of managing and administering the subcontracting arrangements, the electronic and paper systems used within the relationship and the additional value offered to partners in terms of CPD and support to ensure compliance and to enhance the quality of teaching and learning. There may be some slight differences in fees charged for the support provided to different subcontractors.

These are for a variety of reasons but could include the use of Academy premises for delivery, specific delivery by Academy staff on elements of partner's programmes and additional support measures put in place to manage under performance by Partners.

8. Payment Arrangements

Payments are made on an agreed basis, as detailed in the Service Level Agreement and the agreed payment schedule; this is in line with the specific delivery and programme plan. Payments are made only once the activity is successfully processed and uploaded by Pendersons Limited. The standard payment terms are monthly in arrears based on actual delivery recorded on the Pendersons Ltd ILR. Payments will be made within 30 days to ensure compliance with the ESFA mandatory requirements.

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If there are funding errors identified at audit the Academy reserves the right to recover funding from the Partner; an amount on the error identified and the total of this Agreement.

Pendersons Limited expects that the Subcontractors will fully engage in the assessment of accuracy of payments and they therefore have the responsibility to review their monthly report to identify any inaccuracies.

9. Policy Communication

The Policy is available on-line and can be made available in alternative format or language upon request.

The Policy will be discussed with all current and future Subcontractors during contract negotiation meetings.

The policy will be reviewed on an annual basis and agreed by Pendersons Ltd, via Finance and HR. Any changes will be notified to subcontractors as part of their regular performance review or via separate correspondence.

10. Other Requirements

All subcontractors holding contracts with an overall value £100,000 must be listed on the Register of Training Organisations before the Academy will enter into a subcontract with them.

All subcontractors will be required to undertake a self-assessment process in relation to the Education Inspection Framework and produce a SAR which clearly and specifically identifies and evaluates the courses and programmes which they are contracted to deliver. The SAR and resulting action plan must be submitted as specified in the contract.

Subcontractors will be required to have in place safeguarding arrangements which are consistent with the standards specified in the guidance documentation provided by Pendersons Limited.

The directors can be contacted by sending an email to info@pendersons.com



Mark Pender
Company Director

Review due by 15th January 2021