

Subcontracting Funding Retention and Charges Policy

Step Ahead Social Enterprise CIC (Step Ahead) is a leading provider in the areas of recruitment, employability, and training. Operating since 1996, Step Ahead's mission, in the first instance is to ensure our candidates and employer clients know we truly care about helping them achieve their objectives. Secondly, to be a renowned and trusted name amongst top employers, job-seekers and learners alike; to be synonymous with efficiency, expertise and enterprise; to provide a quality service delivered by fully trained and informed staff who actively listen to needs and are qualified in providing intelligent solutions. To achieve this consistently we work hard to create open, consultative partnerships whilst maintaining an honest and professional approach at all times. As a team we are ethical yet innovative; focused yet flexible; realistic yet enterprising.

Step Ahead holds a range of quality assurance accreditations including Matrix Standard for Information, Advice and Guidance, ISO 9001 and ISO 14001, are Recruitment and Employment Confederation audited, the gold standard in recruitment compliance, and members of the Association of Professional Staffing Companies and Association of Learning and Employment Providers.

The purpose of this document is to ensure the effective selection and management of sub-contractors to reduce and mitigate against potential risks to Step Ahead and our funders. It defines the basis on which subcontracting arrangements will be managed and sets out a clear framework for improving the quality of provision.

Subcontracting Purpose and Strategy

Step Ahead's main purpose for subcontracting is to diversify and extend its offer and capacity to its candidates (e.g. learners, participants) with an emphasis on provision of services that meet the needs of both unemployed and employed individuals, employers and the local economy within the Greater London Authority (GLA) and Coast to Capital Local Enterprise Partnership (LEP) areas.

Our reasons for subcontracting are manifold, we aim to engage with a wide range of subcontracted partners who:

- Share our 'culture and values' of putting the interests of the candidate at the centre of all we do, willing to help review these values and principles.
- Strengthen engagement and widen opportunities for disadvantaged groups
- Offer a routeway for sustainable employment and progression in work supported by high quality IAG
- Compliment mainstream provision filling gaps in the market
- Specialist provision to provide and deliver a better service experience
- Share of good practice, e.g. where the subcontractor can improve the quality of its delivery through working with Step Ahead and vice versa

To this end Step Ahead is committed to developing sustainable and reliable subcontracting arrangements that enable our candidates to improve their personal, employability and vocational skills to progress into, or within, meaningful and sustainable employment. We aim to work with a diverse range of private and not for profit organisations across a range of funded programmes to meet the needs of our candidates, employer clients and funders.

In designing our supply chain, we take into account the scale and capacity of each organisation, their ability to deliver the specific outputs and results, and the added value of specialist provision to meet November 2020 V1.2

SUPPORTED BY

MAYOR OF LONDON



identified needs in line with our funding objectives. Step Ahead conducts an open bidding process for any subcontractor wishing to work with us. Step Ahead will ask all potential subcontractors to submit full due diligence, in line with our funders guidelines e.g. Greater London Authority (GLA), Department of Work and Pensions (DWP), European Social Fund (ESF).

Subcontracting Selection Policy

- **Stage 1:** Any prospective subcontractor should contact Robin Clarkson, Director of Funded Programmes, e-mail to: robin@stepahead.co.uk in the first instance. They should include an Expression of Interest (if one has been published for a specific contract then that must be used). Once agreed interested parties will be invited to tender in stage 2.
- **Stage 2:** Interested parties will complete a Due Diligence application which will include specific information about what provision can be delivered, together with volumes and funding requested. The purpose of the application will be to identify "Preferred Providers" with whom Step Ahead may wish to contract for a period of up to 2 years. Achieving preferred provider status will ensure priority consideration when contracts are awarded but will not guarantee a contract; this will be determined by what Step Ahead wishes to procure and will primarily be driven by economic need which may mean choosing not to purchase provision previously procured if there is a clear need to focus the funding in a different direction.
- **Stage 3:** Tender applications will be assessed within 15 working days of the tender closure date by a panel made up of Step Ahead's Senior Management Team:
 - Chief Executive Officer
 - Director of Funded Programmes
 - Head of Compliance and Claims
 - Head of Employability
 - Learning Quality Manager
- **Stage 4:** All applicants will be notified of the outcome by the date specified in the Tender. Feedback will be provided upon request.
- **Stage 5:** Step Ahead's Senior Management Team will determine what provision they wish to procure following assessment of Step Ahead's predicted enrolment numbers and targets and then seek approval from the Board. Preferred providers will then be advised accordingly.
- **Stage 6:** Contracts will be issued electronically to ensure they are signed and returned before the agreed start date

Subcontracting Fees and Charges

Step Ahead manages and monitors subcontractors to ensure that the following standards are met:

- Demonstrates value for money
- Demonstrates compliance with all contract requirements
- Delivery of a quality program; application process
- Delivery of minimum standards of performance

Step Ahead has a responsibility to support all subcontractors to develop and deliver high quality provision that meets the needs of candidates and employers. The management fee deducted from allocated funds is used directly to provide a comprehensive programme and support and compliance measures to ensure that public funds are protected and used effectively and that subcontractors are supported to develop their provision.

Our typical percentage range of funding we retain to manage delivery is between 15% to 25% dependant on determined by risk factors identified through our due diligence process and in line with this policy. New subcontracted provision will be subject to a higher management fee during the first delivery year, though management fees may be adjusted according to delivery and contract performance. The fee charge will reflect the costs associated with the contract management, capacity building, infrastructure, risk management assessment and procurement processes specific to each contract. Our management fees processes are consistently updated to include evaluating feedback from our subcontractors and changes to funding rules, regulations, and introduction of new contracts. In designing our management fee policy the principles, we offer are clear and transparent unit rates at tender stage as part of the submission where ever possible.

We collaborate with all subcontractors through fair and open negotiations to discuss and agree unit rates before tender submission. Step Ahead provides appropriate time and resources to support new subcontractors including a dedicated contact who provides them with tailored levels of support and capacity building opportunities. This enables our subcontractors to provide a high-quality service to all service users under our contracts.

We may also vary our fee structure and agree set milestone payments or achievement-based payments, to reflect how we receive the funding or to encourage high quality performance. We recognise that all subcontractors have different levels of capacity and skills and therefore we tailor the fee payable for services provided. All fees paid to subcontractors will be reviewed at least annually. However, should the subcontractors be under-performing against the Minimum Performance and Minimum Service Levels and we need to provide additional performance monitoring to drive high quality provision, we reserve the right to adjust the fee paid by us during the year

The contracts which involve subcontractors, and the management fees applied, are detailed below:

- Strand 1 Procured Adult Education Budget (AEB) funded by GLA and ESF:** The project aims to support unemployed or economically inactive Londoners aged 19 or over and provide the skills and learning they need to equip them for work, an apprenticeship or other learning funded by GLA - management fee capped at 20%, in line with GLA guidance and reflects the services provided.
- Parental Employment funded by GLA and ESF:** The 'Steps to Success' project aims to enable parents to enter or re-enter the workplace in a manner that works for them and their families and enable parents in work to increase their earnings and/or gain more secure contracts - management fee capped at 10%, in line with GLA guidance and reflects the services provided.

Fees and charges for subcontracting are reviewed annually to ensure they continue to be fit-for purpose.

Payment Terms

- Payment will be made monthly or quarterly in arrears (aligned to the payment schedule defined in our contract with the funder) upon presentation of an invoice by the subcontractor to the Step Ahead's nominated Finance contact and must be checked against the relevant data report containing for accuracy prior to submission.
- Each invoice must reach the Finance contact no later than the 20th working day of each month (relating to the previous month's activity) and payment will be made within 30 days (please note that this is when payment is processed, not the date payment is received).
- Reconciliation will take place in the weeks following each funding claim and any adjustments required will be agreed by both parties and made at the next payment point.

4. When each payment is made, subcontractors will receive a corresponding Financial Position Statement which covers each contract held with Step Ahead.

Adjustments may be made to specific payments where evidence of eligibility, participation or achievement cannot be validated by Step Ahead. Any amendments will be based on guidance provided by the current funding body rules and our negotiated SLAs.

In instances of learners being transferred to another provider (including to Step Ahead) during the contract year, Step Ahead will not make any payments for such learners. If payments have already been made, these will have to be clawed back.

Management fees will be deducted at source, i.e. subcontractors will receive a Maximum Contract Value (MCV) from Step Ahead that reflects their available funds. Any management fee will have been deducted prior to this allocation. Step Ahead will make payments to subcontractors based on the correct submission of data and supporting evidence to validate service delivery. All funding claims must comply with the Managing Authority and/or funding and performance management rules and the terms of the agreement between Step Ahead and the subcontractor. Where funding claims cannot be substantiated, Step Ahead will adjust or reclaim any funds from the subcontractor, and, where required, make an appropriate repayment to the Managing Authority and/or Funding Body.

Step Ahead invokes an annual audit cycle, which could put payments to our subcontractors temporarily on hold or lead to adjustment of monies due. The timing of the cycle is communicated in advance via email and also 1:1 meetings with subcontractors in advance.

Services

Step Ahead will provide, as a minimum, a wide range of services for the management fees which includes, but is not limited to the following:

- Programme set up and mobilisation support from tender stage to start of participants being engaged on programme, the Go Live date.
- An allocated Contract Manager to field all contract issues and enquiries and support timely resolution
- Data processing and inputting on our designated MIS and associated compliance checks of documents and evidence required for each contract
- Assistance and advice on profiling delivery, regular financial reports, and learner data analysis
- Guidance on standards and compliance through the provision of a Quality Improvement Process which is reviewed annually
- Formal review of contract and performance quarterly, with actions agreed to ensure continued compliance and improvement where appropriate
- Facilitation of a regular forum via the Project Steering Group in which to promote and share good practice
- Observation and moderation of teaching, learning and assessment (through dual observation and desk-top moderation) and provide feedback and support in order to improve quality and develop innovative training techniques
- Production of a standardised SAR template and support provided in the writing and review of same, together with a Quality Improvement Plan
- Quality Assurance audits on each subcontractor on a 12-month rolling cycle (based on risk)
- Step Ahead will undertake announced and unannounced audit visits and report on findings
- Support will be provided to enable providers to effect identified improvements, as indicated in the reports resulting from the above audits

- Briefings, workshops, updates and regular meetings (strategic, operational and quality driven) on key sector information and changes including to funding and eligibility
- Access for learners of subcontractors to Step Ahead facilities and services where possible
- Advice and Guidance on funding requirements e.g. ESF cross cutting themes
- Learner and Learning Support, including access to discretionary and hardship funding where this is available

Due Diligence

Subcontractors will supply Step Ahead with all relevant information requested to protect learners and to ensure that the subcontractor is a legally, financially and educationally sound organisation prior to any contract being signed.

Performance Data

Subcontractors will provide a range of data at the frequencies specified in the contract and upon request from Step Ahead. Likewise Step Ahead will provide monthly and/or quarterly participant data reports detailing on programme activity and variations between contract.

Quality

All provision delivered should include an initial assessment process that enables learners and staff to identify what they want to achieve from their chosen course. This process should ensure that:

- Learners have the necessary aptitudes, attributes and abilities to help them successfully complete the courses for which they are applying
- Any learning support needs are accurately assessed and identified
- Learners have the information they need to help them make well informed judgements about the relevance of their course to their employment and learning goals
- Subcontractors must have access to appropriate learner support arrangements.

Where appropriate, the assessment should also gather necessary information about health and medical records, previous relevant experience, depending on the nature of the course itself and specifically where the nature of the course presents significant health and safety issues. Step Ahead's Health & Safety policy and risk assessments must be adhered to unless a subcontractor's own policy has been implicitly agreed by Step Ahead.

Tutors must maintain learner progress records at an appropriate level of detail, in relation to the context and length of the course or programme.

Requirements in relation to Observation of Teaching, Learning and Assessment (TLA) are defined in the Quality Improvement Process. Observation of TLA will be planned and undertaken throughout the academic year and Step Ahead will support and work with a subcontractor to upskill to the expected standards should an "inadequate" grade be awarded.

Subcontractors will register their learners with the appropriate examining boards within agreed timescales and abide by awarding organisation regulations. Subcontractors will maintain assessment and verification and or/moderation arrangements that are consistent with the requirements of the awarding organisations and examination boards.

Subcontractors must ensure that appropriate staff attend Step Ahead best practice events and training where these are organised centrally and also any training which has been put in place to address issues

identified in quality or compliance post audit action plans. Failure to attend is likely to increase the frequency of quality and/or compliance audits undertaken which may, in turn, result in financial penalties being applied.

“Appropriate Staff” are normally defined as individuals who have relevant managerial authority and responsibility for the subject being addressed through the training. The exception to this definition will be where training is designed for practitioners.

ESF compliance

Subcontractors may be expected to comply with European Social Fund requirements, as explicitly set out in our funding agreement, to include the requirement that:

- all eligible learners, employers and other interested parties are informed that the services provided have been financed in whole or part by the European Social Fund
- the ESF Poster will be displayed in a prominent position within their premises
- the up to date ESF logo will appear on all learner documentation, websites and marketing materials for match funded provision
- they will develop Equal Opportunities and Sustainable Development policies and associated action plans and that these will be reviewed and updated at least annually
- shall retain documentation for all ESF match funded provision for audit including having in place a document retention policy that reflects the minimum date requirement of 31st December 2031.

Health and Safety

Subcontractors must provide details to Step Ahead on request about how they ensure that facilities used to deliver learning meet all Health & Safety regulatory and legislative requirements, including where required specific health and safety reports, audits and risk assessments.

Subcontractor tutors must be capable of and must undertake activity and facility risk assessments at a frequency consistent with the type of activity and the nature of the facility being used.

Step Ahead will undertake annual Health & Safety audits on each subcontractor annually.

Subcontractors must ensure that appropriate staff attend Step Ahead best practice events and training where these are organised centrally and also any training which has been put in place to address issues identified in quality or compliance post audit action plans relating to health & safety. Failure to attend is likely to increase the frequency of quality and/or compliance audits undertaken which may, in turn, result in financial penalties being applied.

“Appropriate Staff” are normally defined as individuals who have relevant managerial authority and responsibility for Health & Safety.

Information, Advice and Guidance

Subcontractors will be required to demonstrate that they provide information, advice and guidance (IAG) at an appropriate range of venues and through a range of media, including the internet, to a standard consistent with that offered by Step Ahead.

Facilities and Resources

All facilities and resources used must be fit for purpose and comply with all current Health & Safety legislation

Audit Procedures

Step Ahead will conduct unannounced visits to subcontractors training schedules as part of its annual audit processes.

Step Ahead will carry out audits for quality & financial assurance which will include Health & Safety on all subcontractors. These auditors will provide reasonable advance notice (usually 5 working days) of proposed announced visits to the subcontractor of the scope and date of each audit.

Post-audit action plans will be produced, and subcontractors will be supported to achieve the aims set out in the action plans.

Policy and Procedures

Subcontractors will be required to demonstrate that they have robust quality audit arrangements consistent with the requirements related to the audit activities undertaken by Step Ahead and its representatives. They will be required to maintain, review and update policies and procedure in line with national legislation and as appropriate to the nature of their contract in the following areas:

- Health & Safety
- Equality & Diversity
- Safeguarding
- Prevent Strategy
- Sustainability
- Quality Assurance, including performance monitoring and development of:
 - Teaching practice
 - Initial assessment
 - Additional learning support
 - Information, advice and guidance
 - Self-Assessment
 - Service standards
 - Performance management information
 - Data protection/ GDPR – subcontractors will need to comply with Step Ahead's GDPR policy and procedures
 - Staff recruitment and development
 - Financial management

Self-Assessment

All subcontractors will be required to undertake a self-assessment process in relation to the Common Inspection Framework and produce a Position Statement using a template that Step Ahead will provide. This Position Statement must be submitted as specified in the contract.

Service Standards

All subcontractors will be required to demonstrate how they will meet the Step Ahead service standards in relation to providing a high-quality service at all points of a learner's journey and how they will communicate these standards to learners.

Safeguarding

Subcontractors will be required to have in place safeguarding arrangements which are consistent with the standards expected by Step Ahead. This will include having an annually updated Safeguarding Policy and designated Safeguarding Officer.

PREVENT (Counter Terrorism Strategy)

Subcontractors will be required to have a PREVENT anti-radicalisation policy in place and all staff will be expected to have undertaken training, for which Step Ahead will provide a link.

Recruitment Profiles and Delivery Locations

Subcontractors may be required to ensure that programmes are delivered in specific localities, depending upon the nature of the contract. They may be required to recruit learners from a specific profile, e.g., age, ethnicity, gender, disability, NEET.

Contract Monitoring and Review

Subcontractor performance will be monitored regularly throughout the year. Feedback on performance will be provided in writing, by phone, e-mail or face to face at formal reviews which will be carried out at least quarterly.

Where performance falls below the standard required, subcontractors will be issued with a notice to improve. Support will be provided to help subcontractors develop and enhance the quality of their delivery but if a subcontractor fails to meet the necessary improvements within the agreed timescales it may be necessary to implement contract termination procedures.

Contract Termination

Step Ahead will work with its subcontractors to ensure that all learners receive high quality and safe training with all the necessary support for individuals to achieve their aims and progress onto sustainable employment.

Should a subcontractor consistently fail to improve any element of its performance which is deemed to be unsatisfactory or inadequate, or consistently fail to engage in training or with the quality support systems which are in place, Step Ahead reserves the right to terminate the contract to protect its learners.

If contract termination procedures are implemented, subcontractors are contractually required to cooperate fully with this process.

Policy Review & Publications

This policy is reviewed annually in October of each year with any changes communicated to subcontractors as part of regular contract reviews and correspondence. The policy will be published on Step Ahead's website.

Communication

This Policy is communicated as follows:

- On Step Ahead's website <https://www.stepahead.co.uk/help-faq/>
- On Step Ahead internal drive, under Policies & Procedures
- To potential subcontractors on any online portals used to publish contracting opportunities with the relevant tender information
- To existing subcontractors with annual contracts

Approved by:

Signed:



Name: Jackie Bedford

Title: Chief Executive

Date: 30th November 2020

Revision Control

Version	Overview of amendment(s)	Amendment date	Approved by	Approved date
1.1	Addition of GLA ESF Logo	20/08/2019	Jackie Bedford	23/08/2019
1.2	Revisions to policy to align with new contracts and fund requirements	28/09/2020	Jackie Bedford	30/11/2020

Retained Fees 2019/20

Name of Subcontractor / UKPRN	Contract Start Date	Contract End Date	Funding Received	Funding Retained	Funding Paid
Alpha BSE Ltd UKPRN 10066999	01/08/2019	30/10/2021	£132,319.07	£26,463.81	£105,855.26
Skills Training Network UKPRN 10046983	01/08/2019	30/10/2021	£11,135.80	£2,981.93	£8,153.87