

Subcontractor and Supply Chain Policy 2024/25

APPROVED BY (Group Board) ON (15 July 2024)

Applies to:	
Harrogate College	x
Keighley College	x
Leeds City College	x
Leeds Conservatoire	
Leeds Sixth Form College / Pudsey Sixth Form College	x
Luminate Group Services	
University Centre Leeds	x

CHANGE CONTROL

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Approval route		
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SELT	27 June 2024	8
Luminate Group Board	15 July 2024	8
Finance Committee	4 July 2024	8
Updated figures added October 2024 and went back to SELT	17 October 2024	8
Name of author:	Kim Chambers	
Name of responsible committee:	SELT	
Related policies: (list)	Financial Regulations Subcontracting Management Plan Subcontractor Contingency and Continuity Plan	
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	Assessment type <input type="checkbox"/> Full <input type="checkbox"/> Part <input checked="" type="checkbox"/> Not required	
Environmental Impact Assessment Completed	Date:	
	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not required	
Policy will be communicated via:	Staff intranet, college websites	
Next review date:	July 2025	

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1. Scope

This policy applies to all supply chain activity supported with funds supplied by the Education and Skills Funding Agency (ESFA), West Yorkshire Combined Authority's devolved Adult Education Budget (WYCA) or any successor organisations.

Context

The policy is a mandatory requirement that must be in place prior to participating in any subcontracting activity from 1 August 2024.

Rationale for subcontracting

Luminate Education Group ('the Group') engages with subcontractors in order to better meet customer needs and to do the following:

- To work with providers who effectively reach priority learners in the community and who can demonstrate positive employment or progression outcomes
- To provide access to, or engagement with, a new range of customers
- To support another provider to develop capacity and quality
- To provide additional delivery where the cost of developing direct delivery would be unsustainable
- To work with providers which offer sector specific LEP priority engagement
- Where agreed with employers, to complement the Group's own apprenticeship delivery programme.

We do not use subcontracting as a means of meeting short-term funding objectives. All subcontractors will be subject to the Group's due diligence process.

Quality assurance and support provided to subcontractors

The quality of sub-contract provision is carefully monitored and managed through existing Group quality assurance processes and procedures. The Group provides training for subcontractor staff on request, including but not limited to:

- The contract and funding body requirements
- Professional training and development for partner staff
- Access to learning resources and materials
- Participation in the Group's observation of teaching, learning and assessment process
- Participation in the Group's self-assessment process
- Access to a range of in-house training delivered by the Group e.g. Self-Assessment Report (SAR) training
- Monitoring of initial guidance, assessment, delivery of learning programs and associated targets.

Group staff will visit subcontractors regularly and will provide curriculum planning advice and funding updates. Quality audits will be completed, and feedback provided with priority being given to new providers or providers where there has been an identified concern regarding their performance.

Support sessions on areas such as equality and diversity, data recording, legislative compliance and the Employer Inspection Framework will be provided on request or as a group activity. Support is provided to subcontractors through close monitoring and tracking of learner progress using Group systems and the continual review of contract performance.

In addition, the Group supports the subcontractor in meeting the requirements of the Equality Act 2010, minimising complaints and drop-out rates through a series of direct contacts with both the learners and employers via learner validation calls, employer and learner surveys. The results of this activity are shared openly and monitored to support improvement. Subcontractors will be expected to take account of the potential costs of reasonable adjustments under the Equality Act when planning their course delivery.

Subcontractor Fees and Charges

The management fee (cost of services) retained by the Group is calculated as a percentage of the contract value agreed with the subcontractor. The typical percentage of fees retained by the Group to manage subcontractors is 20%, this covers the direct costs associated with operating and quality assuring the sub-contracted provision and provides a contribution towards relevant indirect costs such as finance, student support, IT and other Curriculum support costs. The group will ensure that its subcontracting and contract management activities are evaluated for proportionality against contract size and risk by conducting thorough assessments of each contract's value, complexity, and associated risks. This includes considering factors such as financial, operational, and reputational risks, as well as the cost of salaries for staff involved in contract management. By allocating resources and oversight levels that are appropriate to the contract's size and risk profile, the group aims to optimise efficiency, ensure effective management, and minimise potential risks. Regular reviews and adjustments will be conducted to maintain this proportionality throughout the contract's lifecycle.

The actual management fee is calculated using risk assessment of the following factors:

- Track record of the subcontractor with regard to meeting achievement and funding targets.
- Track record of delivery and outcomes within specific sector
- Length of time on Apprenticeship Provider and Assessment Register (APAR)
- Length and history of previous contract relationship with the Group
- Financial standing of the subcontractor
- Contract size with regard to both funding and learner numbers
- The cost of the salaries associated with the managing of the contracts to support quality assurance.

The range of services will be negotiated and agreed with each subcontractor before contracts are signed ahead of each contract year. This will include:

- The Group's reason for subcontracting with each Provider
- The services the Group will provide when subcontracting and the associated costs when doing so and how each cost is reasonable and proportionate to delivery of the subcontracted teaching or learning and how each cost contributes to delivering high quality learning. When the Group first works with a new subcontractor a management fee of 25% is deducted as this mitigates risk and covers the extra support required that the Group will provide. The Group will provide training and support following the Group's processes and

procedures, completing documentation and developing the subcontractors employees, this is reviewed after 6 months and if there is little risk, the Group will then review this with the Subcontractor and reduce the fee to 20%. If the risk remains high, then the fee will be reviewed on a monthly basis and discussed with the subcontractors as to when the Group will reduce the management fee to 20%. The Group will continue to support and will work with the subcontractor closer and will have two weekly meetings which supports the 25%, also if there is a high turnover of staff within the subcontractor from the quality and admin side extra support, development and interventions are put in place as recently highlighted in our Ofsted Report.

The Group will also retain up to 10% of the value of each invoice payable to a subcontractor on an interim basis, pending completion of student qualification and finalisation of accounts. This is to allow for any potential shortfall in ESFA/WYCA income. Once accounts are finalised, interim retentions are usually paid to the subcontractor within six months of the end of the contract.

2. Reasons for Entering into a Subcontract and Costings:

The Group considers the below subcontracting costs to be reasonable and proportionate to the delivery of the subcontracted training and that the below costs contribute to the delivery of high-quality learning. The Group retains the proportion stated in the tables below of the funds received from the ESFA/WYCA to cover the costs of managing the subcontractor, quality monitoring costs and support services offered to students. The subcontractor is not charged for these activities. The Group provides training for Sub-contracted staff on a range of matters set out in this policy subject to Group staff availability. The percentage reduction specified is intended to protect learners and support the delivery of high quality sub-contracted teaching and learning.

Westrow Limited:

The Group's reason for entering into this subcontracting arrangement is that West Row is a small hairdressing provider who has links with the local community, they work with hard-to-reach groups, one focus is working with single parents who are wanting to return to work and upskill, but will not attend the Group, this gives the opportunity to the learners being introduced to the Group and supporting them into Apprenticeships/Adult Courses. The provider will also work with the Group staff in upskilling them to carry out services the Group does not currently offer.

The estimated costs to the Group for contract management, quality monitoring, student enrolment and support and Apprenticeship direct delivery are as follows:

Costs	ASF	Apprenticeships	Apprenticeships Roll Over
Contract management	8% (£) 4,800	6% (£) 8,635.98	6% (£) 6,193.80
Quality monitoring	8% (£) 4,800	6% (£) 8,635.98	6% (£) 6,193.80
Student enrolment and support	4% (£) 2,400	4% (£) 5,757.32	4% (£) 4,129.20
Apprenticeship direct delivery	N/A	4% (£) 5,757.32	4% (£) 4,129.20
Total	£12,000	£28,786.60	£20,646

Potato Lane Projects Limited:

The Group's reason for entering the subcontracting arrangement is that PL Projects are the preferred provider that Leeds City Council wish to work with and have a long track record of achieving high results in the delivery of the Project Management and currently work in partnership with the Group in delivering the Project Management qualification within the Standard.

The estimated costs to the Group for contract management, quality monitoring, student enrolment and support and Apprenticeship direct delivery are as follows:

Costs	Apprenticeships	Apprenticeships Roll Over
Contract management	6% (£) 5,340	6% (£) 5,260.26
Quality monitoring	6% (£) 5,340	6% (£) 5,260.26
Student enrolment and support	4% (£) 3,560	4% (£) 3,506.84
Apprenticeship direct delivery	4% (£) 3,560	4% (£) 3,506.84
Total	£17,800	£17,534.20

NEUPC Limited:

The Group's reason for entering into this subcontracting arrangement is that the Group has a long-standing partnership with the NEUPC which has successfully delivered industry-focused skills and qualifications linked to local employment and skills priorities, in apprenticeships.

The estimated costs to the Group for contract management, quality monitoring, student enrolment and support and Apprenticeship direct delivery are as follows:

Costs	Apprenticeships	Apprenticeships Roll Over
Contract management	6% (£) 1,908	6% (£) 756
Quality monitoring	6% (£) 1,908	6% (£) 756
Student enrolment and support	4% (£) 1,272	4% (£) 504
Apprenticeship direct delivery	4% (£) 1,272	4% (£) 504
Total	£6,360	£2,520

Yazz Hairdressing Training Academy:

The Group's reason for entering into the subcontracting arrangement with YAZZ Hairdressing Training Academy is that the ESFA approached the group due to a prime provider (Intuitions of Harrogate), going into liquidation. Luminate came to agreement with the ESFA to take on the subcontractor once all the due diligence checks had been carried out to ensure that the apprentices were not disadvantaged in any way. YAZZ work with niche specialised employers within the hairdressing sector who ordinarily will not want to engage with colleges and large providers

The estimated costs to the Group for contract management, quality monitoring, student enrolment and support and Apprenticeship direct delivery are as follows:

Costs	Apprenticeships	Apprenticeships Roll Over
Contract management	6% (£) 5,064.24	6% (£) 2,811.78
Quality monitoring	6% (£) 5,064.24	6% (£) 2,811.78
Student enrolment and support	4% (£) 3,376.16	4% (£) 1,874.52
Apprenticeship direct delivery	4% (£) 3,376.16	4% (£) 1,874.52
Total	£16,880.80	£9,372.60

Norton Webb Limited:

The Group's reason for entering into this subcontracting arrangement is that the Group has a long-standing partnership with the Norton Webb which has successfully delivered industry-focused skills and qualifications linked to local employment and skills priorities, in apprenticeships

The estimated costs to the Group for contract management, quality monitoring, student enrolment and support are as follows:

Costs	NSF New Starts	New Starts ASF	NSF Roll Over
Contract management	6.5% (£) 3,911.44	6.5% (£) 3,250	6.5% (£) 1,300
Quality monitoring	6.5% (£) 3,911.44	6.5% (£) 3,250	6.5% (£) 1,300
Student enrolment and support	6% (£) 3,610.56	6% (£) 3,000	6% (£) 1,200
Total	£11,433.44	£9,500	£3,800

Blue Apple Limited:

The Group's reason for entering into the subcontracting arrangement is due to the national lock down and the lack of events over the last couple of years, many of the existing trained workforce had to find other jobs and now, due to the high demand for events to help revitalise the sporting, music, entertainment and event industry, this has led to not having enough qualified and trained stewards to man events. Currently there is a regional and national shortage of trained and qualified stewards.

Blue Apple are currently working with 5 security companies in the West Yorkshire region, who have a need for new staff that are trained and qualified to level 2 Spectator Safety. This is a programme that we do not offer within the Luminare Education Group. The course that would be subcontracted, are for specific employers.

These courses are helping local employers to find people to meet their demand, they are giving local people an opportunity to re train and upskill and create a new career path. As well as ensuring that events across West Yorkshire are staffed with as many trained and qualified staff as possible, which make them a safer environment for the customers that attend the events.

The estimated costs to the Group for contract management, quality monitoring, student enrolment and support are as follows:

Costs	ASF New Starts
Contract management	7% (£) 19,600
Quality monitoring	7% (£) 19,600
Student enrolment and support	4% (£) 11,200
Total	£50,400

Swarthmore Education Centre:

The Group's reason for entering into the subcontracting arrangement is that Swarthmore Education Centre offers a route back into study skills and employability for local people who wish to return to education or prepare for work, complimenting the Group's own adult skills offer.

The estimated costs to the Group for contract management, quality monitoring, student enrolment and support are as follows:

Costs	ASF New Starts
Contract management	8% (£) 1,760
Quality monitoring	8% (£) 1,760
Student enrolment and support	4% (£) 880
Total	£4,400

The Skills Network:

The Group's reason for entering into the subcontracting arrangement is due to the growing demand and Gap areas for LEP priorities, the Group will be working with Skills Network to deliver the H&SC VRQ's as the Group do not deliver these and it will support and develop the skills and knowledge of the local communities across West Yorkshire.

The estimated costs to the Group for contract management, quality monitoring, student enrolment and support are as follows:

Costs	ASF New Starts
Contract management	7 % (£) 11,112.08
Quality monitoring	7 % (£) 11,112.08
Student enrolment and support	4 % (£) 6,349.76
Total	£28,573.92

Motive8-Bradford Ltd:

The Group's reason for entering into the subcontracting arrangement provided for in this Agreement is that in July 2023 the ESFA asked the Group if they could take over as Motive8's Prime from August 2023 as their current Prime had gone into liquidation. Motive8 are an independent provider working with vulnerable young people who are aged 16-19. For more than a decade, this provider has consistently delivered high- quality study programmes and educational alternatives to this age group within their district, ensuring that the provision is suitable for vulnerable and disadvantaged young people to provide them with the skills, knowledge and values to be able to be active participants in society and to achieve their future goals. Without this arrangement these young people would not have a career pathway, with this agreement these young people will be helped and supported into future progressions i.e. Apprenticeships and into Higher Education possibly with the Luminare Group.

The estimated costs to the Group for contract management, quality monitoring, student enrolment and support are as follows:

Costs	Study Programmes New Starts	Study Programmes Roll Over
Contract management	7% (£) 53,010.44	7% (£) 11,424.56
Quality monitoring	7% (£) 53,010.44	7% (£) 11,424.56
Student enrolment and support	6% (£) 45,437.52	6% (£) 9,792.48
Total	£151,458.40	£32,641.60

3. Payment Terms

The Group will make payment to the subcontractor within 30 days of receiving a valid claim for payment or invoice. Payments will usually follow the submission of the Individualised Learner Record (ILR) and receipt of the Occupancy Report (Provider Funding Report) by the Group. No Apprenticeship payment will be made in respect of any learner remaining on programme where there has been no evidence of learning received for a period of 12 weeks.

4. Communication of the Supply Chain Policy

This policy is published on the Group's website at [Statutory Information - Luminare](#) and can be sent to all subcontractors on request. The policy is discussed with potential subcontractors during the due diligence and contracting process.

The Group will submit regular returns to ESFA and publish a full list of providers with subcontractors including:

- Name of subcontractor
- UKPRN
- Contract start date and end date
- Provision type
- Source of funding
- Total gross income
- Total paid to subcontractor
- Total funds retained by the Group

5. Policy review

This policy is updated annually in line with updates from the ESFA funding guidance and will be reviewed in July 2025.

Signed:

Colin Booth, Group CEO (Accounting Officer)
Luminare Education Group Board of Governors