



part of Shaw Trust

Ixion Holdings (Contracts) Ltd

ESFA Skills Supply Chain Partners Fees and Charges Policy 2022/23

This policy is available on-line at:

<https://www.ixionholdings.com/partners-and-management/>

1. Rationale for Subcontracting

- 1.1. As an Ofsted Grade One '*Outstanding*' provider Ixion Holdings (Contracts) Ltd is committed to the high-quality, innovative, relevant and responsive delivery of a range of courses and programmes that meet the needs of employers and individuals in line with funding organisations priorities and identified skills gaps.
- 1.2. Ixion recognises the benefits that effective subcontracting can bring in extending the range and accessibility of quality provision for learners and employers. Ixion will only subcontract where it is established that the provision is of high quality and low risk and additionally for Apprenticeships, where Ixion can deliver a substantial element of the employers' requirements in line with the ESFA funding rules.
- 1.3. Ixion has taken the strategic decision to retain its option to subcontract part of its provision to partner organisations to meet the local, regional and national priorities and enhance the quality of the learner and employer offer by:
 - 1.3.1. Enhancing the opportunities available to learners by expanding its breadth of provision with new courses, programmes or delivery models which Ixion is currently not best placed or equipped to deliver
 - 1.3.2. Targeting specific hard to reach communities, and individuals with shared protected characteristics including offering an entry point to training for those in disadvantaged and/or priority groups
 - 1.3.3. Filling gaps in niche or specialist provision offered by partners
 - 1.3.4. Supporting better geographical access by delivering provision at times and venues convenient to learners and employers, or provide better access to training venues
 - 1.3.5. Responding to requests made by employers with a holistic 'one stop' approach to their identified training needs.
- 1.4. Ixion **will not** subcontract to meet short-term funding objectives

2. Scope of the Policy

- 2.1. This policy applies to supply chain activity supported by funds from the Education & Skills Funding Agency (ESFA) or any successor organisations and will be effective from 1st August 2022.
- 2.2. The policy applies to 'Provision Subcontracting' where Ixion subcontracts the delivery of full programmes for learners during the academic year 2022/23, for example ESF Co-Financed Contracts.
- 2.3. Details of our approach to subcontracting of services for any new starts from 1st August 2022 for Apprenticeships, Traineeships and Adult Education Budget is explained in full in Annex One.
- 2.4 This policy is a mandatory requirement that must be in place prior to participating in any new subcontracting arrangements for the academic year 2022/23. The content of this policy has been developed in line with the following guidance:

ESFA Funding and Performance Rules 22/23

[Funding and Performance management Rules 2014 to 2020 European Social Fund \(ESF\) Programme](#)

[Apprenticeship funding rules for main providers](#)

[Funding guidance for young people 2022 to 2023 \(16-19 funding guidance\)](#)

[Funding guidance for young people 2022 to 2023 Subcontracting Controls Regulations](#)

[Subcontracting funding rules for ESFA funded post-16 funding \(excluding apprenticeships\)](#)

Consultation Outcome – ESFA Reforms to subcontracting education for learners over 16 (30th June 2020)

<https://www.gov.uk/government/consultations/reforms-to-subcontracting-education-for-learners-over-16>

Subcontracting Standard – Subcontracting assurance arrangements for all post-16 providers (July 2021)

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1007581/subcontracting_standard_guidance.pdf

Guidance for conducting due diligence checks on subcontractors

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1016120/Interim Measures Guidance External.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1016120/Interim_Measures_Guidance_External.pdf)

Using Subcontractors in the Delivery of Apprenticeships

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732716/Apprenticeship_subcon_guidance.pdf

AELP Best practice guide for a Relationship between and Prime Provider and a Subcontractor (March 2018)

https://www.aelp.org.uk/media/1978/best-practice-guidance-for-a-relationship-between-a-lead-provider-and-a-subcontractor-march2018_1.pdf

3. Selection and Appointment of Subcontractors

3.1 Subcontractors will only be used to complement Ixion's delivery in line with ESFA funding rules, specific to the type of provision, the relevant funding and will all be required to satisfy robust due diligence processes prior to the commencement any and all agreements through a signed legally binding agreement.

Due diligence will be completed in line with the parameters

3.2 In selecting our partner providers we will consider the following in order to enhance the quality of the learner/employer offer:

- *Reputation* – including taking references from other providers and employers
- *Specialism / Expertise* – particularly in niche provision areas
- *Track Record* – for working with hard to reach communities, individuals with protected characteristics and disadvantaged/priority groups
- *Geographic location* – existing delivery footprint and access to suitable local training facilities with specific support to local referral partners and employers
- *Quality measures* – including previous recruitment, retention and qualification success rates, Ofsted rating etc
- *Finance* – including external credit agency rating and annual review of audited management accounts
- *Procurement* – whether the planned subcontracting of services is subject to the Public Contracts Regulations 2015 thresholds for OJEU

3.4 All Apprenticeship Subcontractors supporting new starts from 1st August 2021 must be listed on the ESFA Register of Apprenticeship Training Providers (RoATP) as a Main Provider, Employer Provider or Supporting Provider. Ixion will only work with Apprenticeship Subcontractors who are confirmed as being on the register at the time of contracting.

4. Supply Chain Management Framework

- 4.1. Ixion's Supply Chain Management Framework (SCMF) has been developed using Merlin Principles to support Ixion to procure and maintain excellent and positive relationships with supply chain partners in a creative and innovative way ensuring maximum flexibility. In as much as the Merlin Standard has been designed to recognise and promote sustainable excellence and partnership working within supply chains and provide guidance to those seeking to achieve it, Ixion has implemented its Supply Chain Management Framework to ensure it aligns to the eight integrated and fundamental Merlin principles.
- 4.2. The framework will assist where required in the identification of a need for subcontracted delivery, the selection of subcontractors in an open, fair and transparent way and the qualitative, financial and relationship management of subcontractors throughout the life of their contract with Ixion.
- 4.3. The Supply Chain Management Framework, in addition to addressing every step in the process of subcontracting, also reviews the role of commissioning, including the procurement process and how the supply chain behaviour is affected by the behaviour of Ixion. The framework aligns to each element of the eight Merlin Principles ensuring a clear process flow is set out for each. All associated documentation is included or referenced in the framework for ease of use.
- 4.4. The aim of the framework is to set a consistent standard for the management of subcontractors across Ixion and thereby drive the behaviours required to operate to the benefit of the funding body providing value for money at every stage.

5. Improving the Quality of Teaching and Learning

- 5.1. Subcontracted partners will be expected to meet Ixion Holdings (Contracts) Ltd quality assurance standards with Ixion being committed to supporting, developing and sharing good practice and the professional development of all staff through quality reviews, webinars, operational meetings, observations of teaching and assessment and participating in learner and employer feedback.
- 5.2. Subcontracted activity is a fundamental part of Ixion Holding (Contracts) Ltd Skills provision. The quality of provision will be managed and monitored as outlined in the Supply Chain Management Framework together with Ixion's quality processes and procedures including the Self-Assessment Report / Quality Improvement Plan process ensuring continuous improvement in all parts of the learner journey.

6. Charges and Management Fees 2022/23

- 6.1. The core management fee applied is 20% of all funding drawn down against the provision to be delivered. This figure represents the total cost that Ixion incurs in effectively identifying, selecting and managing all subcontracted provision. This includes the expected amount of auditing, monitoring of contractual performance and compliance, and will ensure quality assurance criteria are met in line with the individual subcontractor's agreement. Levels of funding to be retained will be clearly documented and agreed by all parties prior to the commencement of services.
- 6.2. However, dependant on the nature of the programme, the level of Ixion support required by the subcontractor, or the level of funding available for the activity, the management fee may be altered at the discretion of Ixion. Specific fees charged for other activities will be subject to negotiation between Ixion and the Subcontractor at the time of contracting.
- 6.3. Management fees will be deducted at source at the agreed rate.
- 6.4. The support that our supply chain partners can expect to receive as part of the management fee are:
- Dedicated single point of contact for Supply Chain Management
 - Quarterly (as a minimum) face to face review meetings with performance reporting
 - Regular Management Information against contractual KPIs and QARs
 - Quarterly Partner Forums to share best practice
 - Invoicing and payments / self billing process
 - Information security and data control
 - Advice on Safeguarding, Prevent (including British Values), Equality & Diversity and sustainable development
 - Advice on management of Health & Safety
 - Updates of National Funding and Policy guidance
 - Contract support & funding compliance
 - Observations of all practices Inc. Teaching, Learning & Assessment and IAG
 - Staff training & development Inc. online learning and webinars
 - Unannounced and announced visits
 - Desktop audits, existence and eligibility checks, file audits and processing of data in to the ILR
 - Annual Self-Assessment and QIP support
 - Participant and stakeholder engagement (Inc. employers)
- 6.5 Differences in management fees charged to supply chain will be dependent upon the level of support required, the experience of the subcontractor, their target learners, their track record, success rates and the level of risk as determined by the due diligence process.
- 6.6 If contract performance management results in additional intervention to mitigate any risk, Ixion may agree the cost of that intervention with the subcontractor and this cost will be taken as a fee above the standard management fee.

6.7 For additional services required over and above the management fee support above, Ixion may charge a service fee for additional services provided.

6.8 Through our continued investment in innovation and technology, Ixion may decide to reduce its management fee for those subcontractors who use our systems and as the business increases its efficiency and cuts its costs. Ixion will keep all subcontractors informed of improvements and efficiencies through innovation at each of its network meetings.

7. Payments

7.1 Ixion Holdings will make monthly payments to Subcontractors based on the correct submissions of data and supporting evidence to validate their learning delivery. All funding claims must comply with the current ESFA Funding Rules and within the terms of the agreement held between Ixion Holdings and the Subcontractor. Where funding claims cannot be substantiated, Ixion will adjust or reclaim funds from the Subcontractor, and where required make an appropriate repayment to the ESFA, employer or learner.

7.2 Payments will only be made to the Subcontractor once Ixion Holdings (Contracts) Ltd has received the funding from the Education & Skills Funding Agency or its successor funding body.

7.3 The subcontractor will be notified of the payment and will invoice Ixion for that amount. Ixion will normally pay the subcontractor within 30 days of receiving the invoice. Any anomalies that arise following payment will be subject to reconciliation at a later invoice date.

8. Policy Communication

8.1 In compliance with the ESFA Funding Rules this policy is available to download via <https://www.ixionholdings.com/partners-and-management/> and can be made available in hard copy upon request.

8.2 This policy is made available to any potential new suppliers in response to expressions of interest received to partner with Ixion.

8.3 This annually updated policy will be discussed during performance reviews with all current Subcontractors and prior to commencing any new learner starts during 2022/23.

9. Published Funding Data

9.1 In compliance with the funding rules, Ixion will submit data regarding actual levels of funding paid and retained for each of our delivery Subcontractors in 2022/23, within

the timescales and templates prescribed by the ESFA. This will include Subcontractors who deliver full or part Apprenticeship Standards.

10. Policy Review

- 10.1 The Policy will be reviewed on an annual basis and/or when significant changes in the Funding Rules occur. Prior to publication this policy is reviewed and signed off by Ixion Management Board and Accounting Officer whom must be satisfied that all delivery subcontracting meets with Ixion's strategic aims and enhances the quality of the learner and employer offer.

Policy Agreed by: Signed:  Jacqueline Oughton (Chief Operating Officer) On behalf of Ixion Board / Accounting Officer Date: 22/06/2022
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Annex One - Costs for Subcontractors delivering Apprenticeship Services, Traineeships and Adult Education Budget for new learner starts after 1st August 2022 on behalf of Ixion Holdings

Description of Service: Managing the Subcontractor		
• Dedicated single point of contact for Supply Chain Management • Quarterly (as a minimum) face to face review meetings with performance reporting • Regular Management Information against contractual KPIs and QARs • Unannounced and announced visits • Desktop audits, existence and eligibility checks, file audits and processing of data in to the ILR • Invoicing and payments / self-billing process • Information security and data control • Advice on Safeguarding, Prevent (including British Values), Equality & Diversity and Sustainable Development • Advice on management of Health & Safety • Updates of National Funding and Policy guidance • Contract support and funding compliance		
Rationale for being Reasonable & Proportionate to delivery of learning	How the cost contributes to delivering high quality learning	Cost per learner
• Ixion is responsible for all the actions of delivery that Subcontractors are connected to, or arise out of, all the apprenticeship training or on-programme assessment contracted with the Subcontractor • Ensuring there is a legally binding agreement in place and issuing any subsequent variations • Ensuring the Subcontractor keeps to the ESFA Funding Rules • Ensure that ILR data is accurate reflecting delivery information and that learners exist and are eligible • Ensuring co-operation for continuity of learning • Reporting of non-delivery of training when funds have been paid, Awarding Organisation sanctions, allegations of fraud, complaints	• Through effective supply chain management against the Ixion SCMF, as the lead provider Ixion are able provide the ESFA the listed assurances and compliance against the Funding Rules and Contract • As well as supporting judgments towards the assessment of quality of education and leadership and management under the Ofsted Education Inspection Framework. • Managing the Subcontractor to a Merlin Standard set of principles drives the right behaviours with partners to achieve excellence for all learners. • The review process is open and transparent, and captures timebound actions which drive improvements, impacting on learner success rates	See Risk Based Cost Matrix

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- Ensuring ESFA funding is not used by the Subcontractor to make bids for any EU funding on their own behalf or use as match funding for ESF - Compliance on contractual Data Protection and Processing - Compliance on contractual Health and Safety - Compliance on contractual Learner Welfare including Prevent Duty, British Values - Compliance on contractual Equality of Opportunity - Contractual compliance of the workforce inc. DBS & vetting - Management of performance and KPIs - Providing Management Information - Self-Billing Agreement		
Description of Service: Quality Monitoring the Subcontractor		
- Observations of all practices Inc. Teaching, Learning & Assessment and IAG - Staff training & development Inc. online learning and webinars - Annual Self-Assessment and QIP support - Participant and stakeholder engagement (Inc. employers)		
Rationale for being reasonable and proportionate to delivery of learning	How the cost contributes to delivering high quality learning	Cost per learner
- Ixion is overall responsible for the quality of apprenticeship training and on programme assessment undertaken by the delivery Subcontractors - Ensure that high quality delivery is taking place that meets ESFA Funding rules - Ixion must carry out a regular and substantial programme of QA checks on the apprenticeship	- Through effective supply chain management against the Ixion SCMF, as the lead provider Ixion are able to provide the ESFA the listed assurances and compliance against the Funding Rules & Contract - As well as supporting judgments towards the assessment of quality of education and leadership	See Risk Based Cost Matrix

Annex One - Costs for Subcontractors delivering Apprenticeship Services, Traineeships and Adult Education Budget for new learner starts after 1st August 2022 on behalf of Ixion Holdings

training and on programme assessments provided by the Subcontractors, including visits at short notice and face to face interviews with staff and apprentices, to include: • whether the apprentices exist and are eligible • direct observation of IAG, assessment and delivery of off the job training and on programme assessment, learning support • Reporting to the ESFA any instances where Subcontractors' expectations fall short against the funding rules • Collecting evidence to assess performance against Ofsted Education Inspection Framework, incorporating the evidence in Ixion's SAR and guide judgments and grade in the SAR • Ensuring Subcontractors staff have appropriate skills, training and qualifications to provide the apprenticeship training • Compliance on contractual quality assurance and raising standards • Confirming direct claim status where appropriate and reviewing SV Reports • Arrangements and agreements for EPA through EPAO	& management under Ofsted Education Inspection Framework. • Managing the Subcontractor to a Merlin Standard set of principles drives the right behaviours with partners to achieve excellence for all learners. • The review process is open and transparent, and captures timebound actions which drive improvements, impacting on learner success rates	
Description of Service: Optional Support activities offered to the Subcontractor		
• Access to E-Portfolio and FCA (digital enrolment) with training, software licenses and equipment • Communications- joint marketing and media enquires • Policy Development • Support with RoATP application (All Apprenticeship Subcontractors must already be on RoATP) • Support with Ofsted preparation		

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Support with compliance against ESFA funding requirements		
Rationale for being reasonable and proportionate to delivery of learning	How the cost contributes to delivering high quality learning	Cost per learner
- Supports compliance against contractual requirements and funding rules - Reduces error rates and therefore receiving timely income for services - Supporting the 'Supporting' providers to become sustainable Main Providers and growing capacity within the WBL sector	The additional services will support the Subcontractors to become a prime contractor in their own right with the ESFA, by capacity building using technology and E-Systems and providing additional infrastructure that supports scaling up to a direct contractual relationship with ESFA.	Price per support activity on application

In line with our approach to the management and monitoring of Subcontractors outlined in Ixion's Supply Chain Management Framework (SCMF), we will apply the same risk-based approach to establishing our management fee costs to ensure they are reasonable and proportionate to the delivery of learning and maintain high quality standards throughout.

Risk rating will be applied on a red, amber, green (RAG) basis, with rating determining the level of management support to be given to a Subcontractor for the duration of the agreed services. The risk ratings in the below matrix will determine the cost of management fees as a result of outcomes within the due diligence process balanced with the requirements of the contract and funding rules. This will determine the management costs at the **outset** of the agreement, however, during the lifetime of the agreement and based on the performance levels and achievement of KPIS as per the SCMF this risk level may change and therefore management costs may also increase/decrease as a result.

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	Managing the Subcontractor		Quality Monitoring the Subcontractor	
	Financial Risk DD 1-3	Policies Risk DD 5-16	Quality Risk DD 17,18,20-25	Track Record Risk DD 19
% Risk	20%	20%	30%	30%
20 points max	4 Points max	4 Points max	6 Points max	6 Points max
Score	(X) 1-4	(X)1-4	(X) 1-6	(X) 1-6
Total	Max 8		Max 12	

Points Scored	Assessed Risk	% Cost applied to the ESFA Rate payable for service	Points Scored	Assessed Risk	% Cost applied to the ESFA Rate payable for service
6-8	Green (Low)	17%	9-12	Green (Low)	17%
4-5	Amber (Medium)	20%	5 - 8	Amber (Medium)	20%
3 or under	Red (High)	We will not subcontract with high risk providers	4 or under	Red (High)	We will not subcontract with high risk providers