



South
Staffordshire
College

Supply Chain Fees & Charges Policy

| | |
|---------------------------|--------------------------------------|
| Reference: Version | Final |
| Policy Originator: | Deputy Principal Finance & Resources |
| Equality Impact Assessed: | April 2022 |
| Approved by: | Board |
| Date Approved: | May 2022 |
| Review Interval: | Annual |
| Last Review Date: | May 2021 |
| Next Review Date: | May 2023 |
| Audience: | All Staff & Governors |

Supply Chain Fees and Charges Policy

1.0 Policy Statement

- 1.1 The Policy is a requirement of the Education and Skills Funding Agency (ESFA) Funding Rules Document. It sets out the College rationale for working within sub-contracted arrangements and the approach taken to determine the fees and charges expected within such work.
- 1.2 The ESFA requires colleges to outline how this Policy contributes towards improving the quality of sub-contractor teaching and learning as well as the fees charged for this and the services provided in return for such fees.
- 1.3 The Policy also outlines the payment schedule and terms between the College and its sub-contractors as well as detailing how and when the Policy is communicated with current and potential sub-contractors.

2.0 Scope

- 2.1 The scope of this Policy will be all procedures and processes of the College relating to subcontracted training provision undertaken by the College.
- 2.2 This Policy applies to all learners, staff, governors, clients and business partners with whom we work to deliver services.
- 2.3 Other policies and procedures linked to this Policy include:
 - Financial Regulations
 - Fees Policy

3.0 General

- 3.1 The purpose of this Policy is to establish clear College guidance regarding subcontracted provision, supply chain fees and charges and to establish key principles, structures and monitoring arrangements for the College. The guidance will be applicable to all employees and learners in the College, governors, contractors, business partners, volunteers and visitors.
- 3.2 The Policy will be implemented in accordance with all existing and emerging legislation.
- 3.3 The Policy will be publicised to staff, learners, governors, business partners and the community via the College website.

4.0 The Purpose of Subcontracting

- 4.1** The College is primarily committed to serve the interests and demands of the local community of Staffordshire, the West Midlands Combined Authority and the wider West Midlands geographical area. This may include working in partnership with sub-contractors operating locally, where it can be demonstrated that this would deliver extra value to learners and employers. The College will only consider working with sub-contractors outside of this area where they align with the values and principles in the 2025 vision and meet the criteria set out in sections 4.2 and 4.3 below.
- 4.2** The College's main purpose for subcontracting will be to diversify and extend its offer and capacity to its learners including:
- To respond quickly to employer and learner demand, meeting our customers' needs,
 - To develop new areas of provision which reflect geographical skills needs,
 - To engage with new markets,
 - To build capacity,
 - To maintain the delivery of niche provision and support local communities,
 - To support the unemployed back into work with vocational training routes,
 - To deliver programmes in response to national priorities and Local Enterprise Partnership (LEP) priorities.
- 4.3** The College will only sub-contract where provision is mutually beneficial and is based on joint partnership working to deliver first class provision to learners. The College will issue any sub-contracting opportunities on its website should it wish to tender any provision.

5.0 Partner Selection

- 5.1** Sub-contracting partners will be selected using a robust due diligence process. Subcontractors will be required to supply the College with all relevant information requested to protect learners and to ensure the subcontractor is a legally, financially and an educationally sound organisation, prior to any contract being signed.
- 5.2** The College can opt to work with a business partner on a subcontracting basis, with all delivery being undertaken by the subcontractors own staff, or the College may opt to use a partnership arrangement where delivery staff are employed by the College itself.
- 5.3** The College will set standards and performance levels required and will ensure that partners fully understand their commitments.

6.0 Quality Monitoring

- 6.1** The College is committed to continual improvement in teaching and learning, both in its own direct provision and in its subcontracted provision. A range of approaches are employed in order to do this, such as lesson observations, learning walks and Self Assessment Reports.
- 6.2** Subcontracted provision specifically requires that the following processes are in place to help monitor quality of provision, and actively improve quality on an on-going basis:
- A robust schedule of Quality Assurance Audits that are carried out throughout the year,
 - Annual Reviews with target setting,
 - Regular management meetings between the College and all its subcontractors (with a minimum of one management meeting per term).

7.0 Fees

- 7.1** *Standard Management Fee* – This fee is applied to all subcontracted contracts and is the proportion of ESFA funding retained by the College to cover standard costs incurred through its management of these contracts and the support and services provided to subcontractors. These include:
- Administration of student records data including financial and funding aspects,
 - Quality assurance and monitoring,
 - MIS functions relating to the accurate submission of funding claims to the ESFA, including a review of the robustness of audit trails,
 - ESFA Funding Audit activities;
 - Provision of a dedicated Account Manager including attendance at management meetings,
 - Due diligence support, guidance and checking,
 - Training and development – including access to College CPD activities.
- 7.2** The size of the standard management fee is determined by the contract value of the subcontracted provision. We will operate a tapered management fee structure payable for all delivery regardless of the specific funding stream. The fee structure is built around the levels of support required and will be based on the size of the subcontracted sum.
- 7.3** The management fee charged for subcontracted provision will be between a minimum of 15% of the sub-contracted value and a maximum of 25% of the sub-contracted value based on the level of risk involved in working with the subcontractor.
- 7.4** The management fee charged for partnership provision will be lower and will depend on the extent of the delivery costs and other costs paid direct by the College.
- 7.5** Higher risk subcontractors could include:

- New providers,
- Providers that are underperforming,
- Providers operating in new sectors or locations,
- Providers using new delivery models.

7.6 Additional management fees may be charged for:

- Accommodation costs if delivery is on College site(s),
- Registering learners with awarding bodies and the cost of examination fees,
- Increased Quality Assurance Audits if provision is new or is underperforming,
- Additional support necessitated due to subcontractor's poor performance (in relation to delivery of provision, poor success rates or administration processes linked to provision),
- The provision of marketing or a learner find service to improve participation

7.7 All fees will be agreed with subcontractors prior to the issuing of contracts and will be reviewed prior to annual re-contracting.

8.0 Payment

8.1 Sub-contractors may be subject to a monthly 10% retention of earnings to enable compliance checks to be undertaken prior to finalisation of the ILR return. Any retention amount will be released in November, following the July academic year final ILR submission.

8.2 Upon receipt of satisfactory evidence, the College will make payments in line with the submission of the month return (R) reports to the ESFA. This payment will be made by BACS transfer. However, if any supporting evidence is queried by the College then payment will be withheld until these queries are resolved, and payment will then be made at the earliest possible opportunity.

9.0 Monitoring and Review

9.1 The College will review this Policy annually. This review will take place by June of each year, and any policy revisions will be completed and published prior to the commencement of the next academic year.

9.2 Any changes to the Policy will be communicated to existing subcontractors at contract management meetings. Furthermore, the College will distribute a copy of this Policy to all potential new subcontractors and discuss it with them as part of the College's pre-contracting process.

9.3 An up-to-date copy of this Policy will be posted on the College's website. Paper copies

of the Policy will be made available on request.

- 9.4** Responsibility for monitoring the implementation of the Policy lies with the Deputy Principal Finance and Resources.