South Staffordshire College

Supply Chain Fees & Charges Policy

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AI Use in Policy Development:	Yes

1.0 Policy Statement

1.1 The Policy is a requirement of the Department for Education (DFE) Funding Agreement. 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 DFE 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. The Policy is also used to consider similar arrangements for West Midlands Combined Authority (WMCA) funding.

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 which is undertaken on behalf of 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.

3.4 The DFE stipulate that the educational rationale for subcontracting must be clear and meet at least one of the following criteria:

- Enhance the opportunities available to learners,
- Fill gaps in niche or expert provision or provide better access to facilities,
- Support better geographical access for learners,
- Support an entry point for disadvantaged groups,
- Support individuals who share protected characteristics, where there might otherwise be gaps.

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 2030 Vision and meet the criteria set out in sections 4.3 and 4.4 below.

4.2 The College is committed to delivering high-quality education and training primarily through direct delivery. Subcontracting will only be used where it demonstrably adds value and supports the College's strategic objectives, including local, regional and national skills priorities.

4.3 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 including Local Skills Improvement Plans,
- To develop new areas of provision which reflect geographical skills needs,
- To engage with new markets,
- To build capacity,
- To deliver provision that the College cannot deliver itself,
- 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 other regional and national priorities.

4.4 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. Any subcontracting arrangement must have a clear educational rationale, be of strategic benefit to the College and must exhibit value for money.

4.5 The College will issue any sub-contracting opportunities on its website should it identify any opportunities itself and wish to tender for a provider to partner with.

4.6 Should the College be approached by a third party with an offer to work with them as a subcontractor, the College will consider the merits of working with the third party based on the aims in section 4.3.

4.7 Subcontracting will not be used solely for the purpose of income generation.

5.0 Partner Selection

5.1 Sub-contracting partners will be selected using a robust selection and due diligence process as outlined in DFE and WMCA subcontracting guidance.

5.2 A formal business case will be developed and approved prior to entering into any new subcontracting agreement, which will be subject to internal approval processes prior to contractual agreements. The business case should include:

- A clear educational rationale for subcontracting,
- Evidence of learner and employer benefit,
- Demonstration of alignment with College strategic priorities,
- Justification for why the provision cannot be delivered directly,
- An assessment of risks associated with the arrangement,
- Confirmation that the arrangement represents value for money.

5.3 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.

5.4 Due diligence will follow DFE guidelines and will include the following information:

- Organisation Details including UKPRN,
- Contact names, addresses and telephone numbers of all Company Directors/Secretary/Partners,
- DBS checks of all staff involved in delivery,
- Details of any other prime or sub contract arrangements,
- Performance Data including previous success rates for each cohort/programme, by type of student,
- 2 years' audited accounts for a financial viability health check,
- Employer, Public and Product Liability,
- Health and Safety Policy,
- Equality and Diversity Policy,

- Schemes of work for proposed programmes,
- Details of approved centres for examinations,
- CVs including professional qualifications and DBS checks of all staff,
- Evidence that all staff have undertaken Safeguarding and Prevent Duty training,
- Data Protection Policy,
- Performance Data,
- Additional information may be requested.

5.5 The College can opt to work with a business partner on a subcontracting basis, with all delivery being undertaken by the subcontractor's own staff, or the College may opt to use a partnership arrangement where delivery staff are employed by the College itself. Partnership arrangements are not subject to DFE or WMCA subcontracting rules as the College exerts majority control over the arrangement.

5.6 The College will set standards and performance levels required and will ensure that subcontracting partners fully understand their commitments.

5.7 The College will refer to the List of Declared Subcontractors to determine if a potential subcontractor already holds subcontracts with other organisations.

5.8 The College will use specialist subcontracting contracts which can be purchased from established law firms which provide specialist support for the FE sector.

6.0 Risk Assessment and Management of Subcontractors

6.1 The College will operate a formal risk assessment framework for all subcontracting partners.

6.2 Each subcontractor will be assigned a risk rating (e.g. low, medium, high) based on factors including:

- Quality of provision and learner outcomes,
- Financial health and sustainability,
- Previous performance and track record,
- Compliance with funding and regulatory requirements,
- Scale and complexity of provision,
- Experience in delivering similar provision.

6.3 The assigned risk rating will determine:

- The level and frequency of quality assurance activity,
- The level of management oversight,

- Audit requirements, and
- The level of management fee applied where appropriate.

6.4 Risk assessments will be reviewed regularly and updated where performance or circumstances change.

7.0 Quality Monitoring including Audit Requirements

7.1 The College is committed to continual improvement in teaching and learning, both in its own direct provision and in its subcontracted provision. The College has different methods of achieving this, such as lesson observations, learning walks and Self Assessment Reports.

7.2 Subcontracted provision specifically requires that the following processes are in place to help monitor quality of provision, and continually improve quality:

- 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),
- Training and development opportunities.

7.3 The College will comply with all relevant DFE subcontracting funding rules and requirements. Where applicable, the College will comply with the DFE Subcontracting Standard.

7.4 Subcontracting agreements with a DFE funding value of over £100,000 requires approval from the Audit Committee and Corporation and will additionally require a funding audit review in line with DFE subcontracted funding rules.

8.0 Fees

8.1 Management fees retained by the College will be:

- reasonable,
- proportionate,
- reflective of the actual services provided and risks managed.

8.2 The College will maintain a clear and auditable breakdown of:

- the services provided to subcontractors,
- the associated costs of those services.

8.3 The Total Management Fee charged for subcontracted provision will be between a minimum of 20% of the sub-contracted value and a maximum of 25% of the sub-contracted value based on

- The level of the support provided,
- The level of risk associated with the subcontractor,
- The scale and complexity of the provision,
- Any additional services provided beyond the standard services.

8.4 Standard Management Fee – This fee is applied to all subcontracted contracts and is the proportion of DFE 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:

- Due diligence checks for potential and existing subcontractors (reviewed annually),
- Production and negotiation of contracts annually,
- Subcontract set up costs to record and monitor activity and progress of learners including learning walks, teaching observations (announced and unannounced), feedback to delivery staff and review of learner work,
- Training in relation to College enrolment and process requirements,
- Sharing of resources including Safeguarding and Prevent training,
- General promotion of the course or subcontracted activity through normal College lines of communication eg social media, course guides,
- Review and recommendation in relation to courses delivered and/or study programme content,
- Checking for learner eligibility, funding and accuracy to comply with DFE rules,
- Data input of learner details for enrolment and completion,
- Destination data collection and analysis,
- Quality and Contract Review Meetings,
- Quality assurance and improvement activity in partner institutions including quality sampling of learners to track learner progress and destination data,
- Travel to subcontractor and delivery premises,
- Monthly ILR reconciliations and quality processes to ensure the existence and eligibility of data,
- Processing of ILR data to generate funding returns and payment requests,
- Processing of Subcontractor invoices and BACs payments to Subcontractor,
- Announced and unannounced observations with checks on student attendance and constructive feedback to improve the quality of teaching, learning and assessment,
- Safeguarding and PREVENT reporting,
- Subcontractor staffing reviews (Safeguarding/Qualifications and Experience/DBS),
- Learner enquiries and complaints including subject access requests,

- Learner surveys to gain feedback on learner experience and prompt any action,
- External audit of subcontracted provision to meet Ofsted and ESFA requirements.

The Standard Management fee is charged at 20%.

8.5 Additional Management Fees are charged at the actual cost of the service and may be added to the contract by mutual agreement for services such as:

- Accommodation costs if delivery is on a 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,
- The subcontractor is assessed as being high risk.

8.6 Higher risk subcontractors could include:

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

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

9.0 Payment

9.1 Payment terms and conditions are outlined in the Contract.

9.2 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 on a monthly and/or annual basis. Any retention amount will be released in November, following the July academic year final ILR submission.

9.3 Upon receipt of satisfactory evidence, the College will make payments in line with the submission of the monthly funding return ("R") reports to the DFE. 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.

10.0 Monitoring and Review

10.1 The College will ensure appropriate governance oversight of subcontracting activity.

10.2 This will include regular reporting to senior management and the Corporation/Audit Committee, covering:

- the volume and value of subcontracted provision,
- subcontractor performance,
- risk ratings,
- management fees retained,
- key risks and issues.

10.3 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.

10.4 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.

10.5 An up-to-date copy of this Policy will be posted on the College's website as required by the DFE.

10.6 Responsibility for monitoring the implementation of the Policy lies with the Deputy Principal Finance and Resources.