

SUPPLY-CHAIN FEES AND CHARGES POLICY

Policy Aim

This document aims to provide consistency of approach and transparency to the College's supply-chain fees and charges in relation to its provision subcontracting.

Definition of Terms

Standard Management Fee

This fee is determined by the size of the subcontracted partnership contract (as per Maximum Contract Value figure), and is the fee applied to all such contracts to account for standard costs incurred by the College through its management of these contracts. *Additional Management Fee* – sometimes there will be a need to apply an additional management fee to offset additional costs incurred by the College for the management of individual subcontracted contracts (this fee will be determined on a contract-by-contract basis). *Skills Funding Agency (SFA)* – Government funded agency that supports provision for learners in further education who are aged 19 or over, and also including Apprentices who are aged 16-18 years old.

Education Funding Agency (EFA)

Government funded agency that supports provision for learners in further education who are between 16 – 19 years old.

European Social Fund (ESF)

European Union's (EU) main financial instrument for supporting employment in the member states of the European Union as well as promoting economic and social cohesion. This funding is associated with bid for projects linked to education and skills provision.

Reasons for subcontracting

The College recognises the need to offer as diverse a range of provision as possible, in as flexible and cost effective a way as possible. By working in partnership with subcontractors the College is able to do the following:

- Offer niche provision
- Engage with the wider community, thus increasing wider participation by attracting learners who are unable, or unwilling, to attend provision offered on campus
- Offer flexibility by delivering provision at times and venues convenient to learners and employers
- Be responsive to learner and employer requirements
- Ensure greater cost efficiency
- Engage with new markets

Improving Quality

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 session observations and Self-Assessment Reports. In terms of provision subcontracting specifically, 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)
- Training and Development workshops (as appropriate)

Fees

Standard Management Fee

This fee is applied to all subcontracted contracts*, and is the proportion of SFA/EFA/ESF funding retained by the College to cover standard costs incurred through its management of these contracts.

STANDARD MANAGEMENT FEE APPLIED 15%

These costs include:

- Administration
- Quality assurance
- MIS functions relating to the submission of funding claims to the SFA, EFA and ESF
- Provision of management meetings
- Provision of a dedicated Account Manager
- Provision of professional advice regarding SFA/EFA/ESF funding matters
- Due Diligence support, guidance and checking.

Additional Management Fee

In some cases the College will undertake further, additional functions in terms of managing the subcontracted provision, such as, but not limited to:

- registering learners with awarding bodies
- incurring the cost of examination fees
- responsibility for Internal Quality Assurance of provision
- increased Quality Assurance Audits and due diligence processes/monitoring if provision is new or is underperforming (it is acknowledged that new partnerships will require additional monitoring as they will be deemed High Risk provision until the quality of programme delivery and contract management has been evidenced over a minimum 12-month period)
- additional support necessitated due to subcontractors poor performance (in relation to delivery of provision, poor success rates or administration processes linked to provision)
- type of provision, for example more resources will be required to manage the administration of apprenticeship programmes than some other types of programmes

In these cases an Additional Management Fee will be applied to the subcontracted provision as well as the Standard Management Fee. This fee will be agreed with subcontractors prior to the issuing of contracts, and will be reviewed prior to annual re-contracting.

Payment Terms

Payment terms will be dependent upon the type and length of provision subcontracted:

Classroom Provision

For programmes of short duration (12 weeks or less) payment will be split between an **on-programme payment** (made after enrolment forms and attendance registers have been received for the entirety of the funded programme and the College is satisfied that learner eligibility and attendance satisfies EFA/SFA/ESF requirements) and an **achievement payment** (made upon receipt of proof of learner achievement that satisfies EFA/SFA/ESF requirements). For programmes of longer duration overall payment may be further divided to allow for **on-programme payments** to be made

mid-programme or at the end of each academic term or at other defined points during the programme; again payment will be based upon the receipt of appropriate attendance registers for specified periods of the programme and learner completion of the minimum qualifying period as stipulated in current funding guidance and associated publications (as per Section 8 of this policy).

Workplace Provision (excluding Apprenticeships)

Payment will be split between an **initial payment** (made after submission of enrolment paperwork completed to SFA/ESF requirements and learner completion of the minimum qualifying period as stipulated in current funding guidance and associated publications), **on-programme payment/s** (made at defined points during the programme, with payment dependent upon the receipt of satisfactorily-completed learner reviews submitted to the College in a timely manner) and an **achievement payment** (made upon receipt of proof of learner achievement that satisfies SFA/ESF requirements).

Apprenticeship Provision

Payment will be split between an **initial payment** (made after submission of enrolment paperwork completed to SFA/ESF requirements and learner completion of the minimum qualifying period as stipulated in current funding guidance and associated publications), followed by monthly **on-programme payments** (made on proviso that satisfactorily-completed learner reviews are submitted to the College in a timely manner) and an **achievement payment** (made upon receipt of proof of learner achievement of all elements that satisfies SFA/ESF requirements).

Upon receipt of satisfactory evidence the College will pay associated invoices within 30 days of the invoice date. 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.

Policy Review

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

Communication

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.

Publication of Policy

An up-to-date copy of this policy will be posted on the College's website. Hard copies of the policy will be made available on request.

Related Publications

Publications that should be referred to in conjunction with this policy are as follows:

- *Funding Guidance for Young People 2016 to 2017 - Funding regulations, April 2016 – Version 1*
- *[Education Funding Agency]*
- *Funding Guidance for Young People, Academic year 2016 to 2017 – Funding rates and formula April 2016 - Version 1 [Education Funding Agency]*

- *Funding Guidance for Young People 2015 to 2016 – Sub-contracting control regulations from 1 August 2015 - Version 1 [Education Funding Agency]*
- *Skills Funding Agency: common and performance management funding rules July 2016 - Version 3 [Document Ref: A]*
- *Apprenticeships: Common Funding and performance management rules July 2016 - Version 3 [Document Ref: B]*
- *Apprenticeship frameworks funding and AGE performance-management rules July 2016 - Version 3 [Document Ref: C]*
- *Apprenticeship standards funding rules 2016 to 2017 March 2016 - Version 2 [Document Ref: D]*
- *Adult education budget funding and performance-management rules July 2016 - Version 3 [Document Ref: E]*
- *Funding Rules 2016 to 2017 Summary of Changes July 2016 - Version 3 [Document Ref: E]*
- *Advanced Learner Loans funding and performance–management rules July 2016 - Version 3 [Document Ref: F]*
- *Funding and Performance-management Rules 2014 to 2020 European Social Fund (ESF) Programme - January 2016 - Version 2*
- *Funding Rates and Formula 2016 to 2017 March 2016 – Version 2 [Skills Funding Agency]*
- *The European Social Fund Funding Rates and Formula 2016 to 2017 March 2016 – Version 1*