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| Policy Title: | Supply Chain (Fees and Charges) |
| Policy Description | <p>This policy is to ensure that any supply chain activity within the college falls within the funding guidelines issued by the ESFA, HEFCE or Successor organisations.</p> <p>The college will be responsible for carrying out due diligence processes and internal audits relating to documents control of new partners. Supply Chain (Fees and Charges) policy will be published on the college website at the start of each academic year.</p> |
| Policy Number: | POL-022 |
| Approved By: | Employer Responsiveness |
| SLG Responsibility: | Andrew Comyn |
| Date Issued: | 26.09.2018 |

The purpose of this policy is to ensure transparency and accountability in terms of supply chain activity carried out by Dudley College of Technology, in line with the mandatory requirement that such a policy is in place prior to any partnership, or subcontracted provision activity taking place from 1 August 2013. The policy is informed by the AOC/AELP Common Accord, LSIS publication “*Supply Chain Management – a good practice guide for the post-16 skills sector*” (Jan 2013), the ESF publication “*Providing external assurance on subcontracting controls*” (June 2018) and all relevant funding guidance issued by the ESFA, HEFCE or successor organisations.

SCOPE

This policy applies to supply chain activity supported by funding from the Education & Skills Funding Agency, HEFCE or any successor organisations.

I. Overarching Principles

The College will use its supply chains to optimise the impact and effectiveness of service delivery to the end user. The College will therefore ensure that:

- a) Supply chain management activities comply with the principles of best practice in the skills sector. In particular they will be guided by the principles given in the LSIS publication “*Supply Chain Management – a good practice guide for the post-16 skills sector*” (June 2018) and the ESFA publication “*Providing external assurance on subcontracting controls*” (June 2018)
- b) The College will at all times undertake fair and transparent procurement activities, conducting robust due diligence procedures on potential delivery partner to ensure compliance with this policy at all levels and to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learner lives.
- c) The funding that is retained by the College will be related to the costs of the services provided. These services, and the levels of funding being retained for them, will be clearly documented and agreed by all parties. The rates of such retained funding will be commercially viable for both sides and will be negotiated and agreed in a fair and transparent manner. They will be proportionate to the actual services being provided.
- d) Where disputes between supply chain delivery partners cannot be resolved through mutually agreed internal resolution procedures, the College will commit to submission of the dispute to independent outside arbitration or mediation and abide by its findings. Contract documents will require both parties to agree that the achievements of supply chains are attained through adherence to both the letter and spirit of contracts or partnerships. Both parties therefore commit that all discussions, communications, negotiations and actions undertaken to build, maintain and develop supply chains will be conducted in good faith and seek to optimise the

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impact and effectiveness of service delivery to the end use in accordance with these Overarching Principals.

2. Rationale for partnership or subcontracting arrangements

The College's Corporation and Chief Officer, Finance & Resources must be satisfied that all partnership or subcontracting meets the strategic aims and enhances the quality of our learner offer. We will engage with delivery partners to better meet customer needs.

Reasons are varied but include:

- Working with delivery partners to introduce new provision in priority sectors
- Providing access to, or engagement with, a new range of customers.
- To ensure delivery intention is met where there is a recognised risk in direct provision (e.g. through JCP referrals not being realised).
- To support another provider to develop capacity/quality.
- To provide niche delivery where the cost of developing direct delivery would be inappropriate.
- To support employers with a wide geographic requirement
- Working with delivery partners that compliment or add value to the College's existing curriculum offer

3. Quality Assurance

The quality of the College's partnership or subcontracted provision will be monitored and managed through the existing College Quality Assurance (QA) processes and procedures, as amended in order to fully encompass all sub contracted activity.

This Policy positions this provision as a core part of College activity to enable continuous improvements in the quality of teaching and learning for both the College and its delivery partners. This will be achieved through the sharing of effective practice across the supply chain, for example through the Self-Assessment Report process and joint lesson observation.

4. Publication of information

In compliance with Education & Skills Funding Agency and other agency funding rules that apply, the College will publish its fees and charges policy on its website before the start of each academic year. The College will return data on the level of funding paid and retained for each of its delivery partners in 2017-18 to the ESFA as and when required. This will only relate to 'provision subcontracting' i.e. subcontracted delivery of full programmes or frameworks/standards. It will not include the delivery of a service as part of the delivery of a

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programme (for example, buying the delivery of part of an Apprenticeship framework/standard or outreach support).

The College will ensure all actual and potential deliver partners have sight of this policy and any other relevant documents, such as the Fees and Charges Risk Factor Table; copies will be passed to existing delivery partner at the start of each academic year, and to new delivery partners at the commencement of discussions between our organisations.

The Fees and Charges Risk Factor Table outlines the percentage paid to delivery partners falling into each risk band; the band into which each provider falls is based on a range of factors identified to the delivery partners Provider Control Risk Assessment (PCRA) and includes:

- Previous track record
- Success levels, Retention rates, lesson observations
- Type of customers to be engaged
- Type of provision to be undertaken
- Contract duration
- Learner feedback
- Employer feedback
- Quality of documentation
- IQA/EQA Reports
- Relevant Ofsted Inspection reports
- Location
- References
- Payment terms between the College and delivery partners – timing of payments in relation to delivering provision and timescale for paying invoices and claims for funding received.
- The support delivery partners will receive in return for the fees charged.

Risk factors are given a score so that each delivery partner is aware of why they are in a particular band, this process will be used to give delivery partners an incentive to improve and thus reduce the risk band that they fall in. For example, higher risk delivery partners will be allocated less funding but receive more monitoring and support.

5. Communication

This policy will be reviewed in each summer term and updated as required. It will be published on the College web site during the July prior to the start of the academic year in which it will be applied. Potential delivery partners will be directed to it as the starting point in any relationship.

6. Delivery partner Payment Terms for 2018/19

Providers will be paid a month in arrears on or before the last working day of each month using the table below.

| Paperwork Submission Cut Off Date | Payment Month | Invoice raised by Provider Cut Off Date | Payment Date (on or before) |
|---|-----------------------------------|--|------------------------------------|
| 24/08/2018 | Sep-18 | 14/09/2018 | 28/09/2018 |
| 21/09/2018 | Oct-18 | 12/10/2018 | 31/10/2018 |
| 26/10/2018 | Nov-18 | 16/11/2018 | 30/11/2018 |
| 23/11/2018 | Dec-18 | 07/12/2018 | 21/12/2018 |
| *14/12/2018 *Due to Christmas Holidays | Jan-19 | 12/01/2019 | 31/01/2019 |
| 25/01/2019 | Feb-19 | 08/02/2019 | 28/02/2019 |
| 22/02/2019 | Mar-19 | 15/03/2019 | 29/03/2019 |
| 22/03/2019 | Apr-19 | 19/04/2019 | 30/04/2019 |
| 19/04/2019 | May-19 | 17/05/2019 | 31/05/2019 |
| 24/05/2019 | Jun-19 | 21/06/2019 | 28/06/2019 |
| 21/06/2019 | Jul-19 | 19/07/2019 | 31/07/2019 |
| 19/07/2019 | Aug-19 | 16/08/2019 | 31/08/2019 |
| 01/11/2019 | *Dec-19 (Period 13 18/19 only) | 13/12/2019 | 20/12/2019 |

Where issues or factors arise internally or externally beyond the College partnership department's control, we reserve the right to vary the date of payment accordingly.

The Fees and Charges Risk Factor Table 2018/19

The College management fee for a low risk delivery partner is 15%, increasing up to 25% for a high risk provider. This figure represents the total cost that the College incurs in effectively identifying, selecting and managing all co-delivered provision. This includes the minimum amount of QA activity that the College would attach to the lowest possible risk delivery partner. An outline of services provided by the College that are included in this fee is provided in Appendix I.

The risk band will be determined using the table below.

| Risk Band | % To Delivery Partner | % Retained by College |
|---------------|-----------------------|-----------------------|
| HIGH | 75% | 25% |
| MEDIUM | 80% | 20% |
| LOW | 85% | 15% |

Further charges to cover additional costs may be added to the base fee to cover the cost to the College of any additional support that the College deems necessary to ensure the quality of teaching and learning and the success rates of any co-delivered provision. Additional cost is determined using a weighted table of risk factors. The table is available to all actual and potential delivery partners. It is designed to ensure that the cost of any additional support provided to a delivery partner is covered through the funding retained. Additional costs will be recalculated and negotiated each year at contract renewal, giving delivery partners the opportunity to reduce their fees through continuous improvement. This approach will allow the College to focus support where and when it is needed.

Additional Support for Delivery Partners

The precise additional support given to each delivery partner will be negotiated with that delivery partner, but will be based on a 'risk band' approach and may include:

- Additional site visits
- Additional lesson observation
- Additional tutor support
- More rigorous verification

Additional charges per learner

The College may also retain funding to cover the cost of any funded activity that it might undertake on behalf of the delivery partner such as:

- Awarding Organisation fees and charges
- Hiring of facilities/equipment within/from the College
- Internal Verification

Monitoring

The College will carry out regular and substantial quality assurance checks with each delivery partner to ensure high quality delivery is taking place that meets the funding rules. This will include a number of short notice and face-to-face interviews with staff and learners and involve direct observation of initial guidance, assessment, and delivery of learning programmes.

The College will also undertake Progress Planning Meetings (PPM's) with delivery partners and employers on termly basis to measure and assess that the needs of the employer are being met by the partnership between Dudley College of Technology and its delivery partner. Where the needs of the employer are not being met, an action plan will be put in place and additional supportive measures engaged.

Frequency Funding Assurance Audit Visits

The risk band determines the number of planned audits for each delivery partner. This is a minimum and not restrictive, should the College determine additional visits are required through the outcome of these audits.

| Risk Band | Announced | Unannounced |
|---------------|-----------|-------------|
| HIGH | 2 | 2 |
| MEDIUM | 2 | 1 |
| LOW | 1 | 1 |

APPENDIX I

Dudley College of Technology will be responsible for:-

I. Partnerships team will be responsible for:-

- a) Carry out all due diligence processes relating to new delivery partners.
- b) Carry out annual due diligence refresh
- c) Carry out all internal audits relating to document control.
- d) Lead on all internal audits relating to each and every delivery partner organisation.
- e) Draw up and agree all applicable contractual agreements and associated documents, including partnering or subcontractor contracts, secondment agreements, service level agreements and any subsequent amendments.
- f) Agree funding splits that provide value for money.
- g) Provide each delivery partner with up to date ESFA requirements.
- h) Accurately complete the ESFA data returns relating to provision that falls under this policy in a timely manner
- i) Ensure all associate paperwork is obtained in a timely manner and made available for curriculum inspection
- j) Agree line communication for every delivery partner.
- k) Agree audit dates with every delivery partner and share with each centre responsible for curriculum audit.
- l) Direct observation of initial guidance.
- m) Provide budget costs relating to expenses incurred – travel subsistence etc.
- n) Create a centralised location for all delivery partner files.
- o) Monitoring on-programme learners.
- p) Monitoring early leavers and achievements.
- q) Monitoring other arising issues on an ad hoc basis.
- r) Monitoring financial performance of each delivery partner against minimum levels of performance (MLP) and key performance indicators (KPI's).
- s) Monitoring overall performance of each delivery partner.
- t) Agreeing monthly payments to delivery partner.
- u) Overall responsibility of ensuring every invoice submitted by delivery partners is accurate against ILR drawdown.
- v) Draw up and agree all Apprenticeship Training Services Agreements (ATSA) with employers.
- w) Agreeing employer contribution payment plan.
- x) Liaise with employer should instances of non-payment occur.
- y) Ensuring applicable incentive payments are passed to the employer at key milestones.
- z) Maintain overarching responsibility to the employer and ensure that the employer's needs, as identified in the ATSA are met.

2. MIS will be responsible for:-

- a) Making monthly ILR claims for starts, on programme payments and completions.
- b) Ensuring that employer contribution payments are accurately recorded on the ILR and subsequent ILR return to the ESFA.
- c) Claiming all Apprenticeship framework/standard completions.
- d) Providing funding calculations relating to each delivery partner.
- e) Providing termly ILR data to share with other delivery partners.

3. Finance will be responsible for:-

- a) Ensuring that employer contribution invoices are sent out in a timely manner as agreed with Partnerships team.
- b) Ensuring that Partnerships team are, in a timely manner, made aware of any non-payment from employers.
- c) Inform MIS and Partnerships team when employer contribution payments have been received through internal reporting procedures

4. Exams will be responsible for:-

- d) Claiming individual components of frameworks/standards where registered through the College centre.
- e) Carrying out spot checks relating to Functional Skills and other tests or exams that form part of the framework/standard.
- f) Ensuring that invigilation is carried in accordance with awarding organisation requirements.
- g) Ensuring that copies of all learner certificates are copied and retained.

5. Curriculum will be responsible for:-

- a) Learner interviews.
- b) Verification of portfolio evidence.
- c) Observation of learner activities on site.
- d) Validation of schemes of work.
- e) Validation of assessment.
- f) Internal verification – formative and summative.
- g) Evaluating course reviews.
- h) Evaluating learner and employer feedback.
- i) Provide a volume of training and/or assessment as agreed in the Apprenticeship Training Services Agreements (ATSA), where applicable
- j) Provide opportunities to observe best practice in the delivery of teaching and learning or associated services.

6. Functional Skills will be responsible for:-

- a) Learner interviews.
- b) Verification of portfolio evidence.
- c) Observation of learner activities on site.
- d) Validation of schemes of work.
- e) Validation of assessment.
- f) Internal verification – formative and summative.
- g) Ensuring that all learners are registered with the awarding organisation within six weeks of start date where the functional skills component(s) are registered through the College centre.

7. Standards and performance will be responsible for:-

- a) Carrying out a minimum of one direct observation of a teaching and learning observation per delivery partner per year and provide feedback in a written format.
- b) Providing assistance to delivery partners in completing their Self-Assessment Report (SAR) that feeds into the College SAR.
- c) Providing feedback on the SAR and Quality Improvement Plan (QIP).
- d) Include delivery partner staff in any relevant training relating to delivery, assessment, verification, teaching, inspection etc.

8. Personnel will be responsible for: -

- a) Ensuring all enhanced Disclosure and Barring Service (DBS) checks are completed and any outcome causing concern is shared with the appropriate delivery partner.
- b) Ensuring all associate documentation is retained.
- c) Ensuring that all delivery partner staff are included in any relevant safeguarding, Prevent or other applicable training.

9. During audit all College staff will:

- a) Evaluate objectively, be impartial and inspect without fear or favor.
- b) Evaluate provision in line with frameworks, national standards or requirements.
- c) Base all evaluations on clear and rigorous evidence.
- d) Have no connection with the provider that could undermine their objectivity.
- e) Report honestly and clearly, ensuring that judgments are fair and reliable.
- f) Carry out work with integrity, treating all those they meet with courtesy, respect and sensitivity.
- g) Try to minimise the stress on those involved in the audit.
- h) Act in the best interests and well-being of service users.
- i) Maintain purposeful and productive dialogue with those being audited, and communicate judgments clearly and frankly.
- j) Respect the confidentiality of information, particularly about individuals and their work

- k) Respond appropriately to reasonable requests.
- l) Take prompt and appropriate action on any safeguarding or health and safety issues in accordance with College policies.
- m) When conducting interviews, internal auditors must explain that, if requested, they will make every effort to protect the origin of the individual's comments when using them to form judgments.
- n) However, internal auditors should also make clear that in some circumstances, it may not be possible to guarantee the interviewee's anonymity. For example, other factors may make it easy to identify which individual has shared particular evidence.
- o) Internal auditors also have a duty to pass on disclosures that raise safeguarding issues, and/or circumstances where serious misconduct or potential criminal activity or fraud may be involved.
- p) Therefore, internal auditors should make it clear that it may not be possible to guarantee confidentiality if an interviewee raises an issue that internal audit are obliged to report.