

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:	Louise Jones
Date Issued:	<b>06.07.2021</b>

The purpose of this policy is to ensure transparency and accountability in terms of supply chain activity carried out by Dudley College of Technology (the College), 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), the Government consultation response to *Reforms to Subcontracting Education for Learners Over 16* (June 2020) and all relevant funding guidance issued by the ESFA, HEFCE, WMCA or successor organisations.

The College will always provide training internally where it is able to do so. This means delivering training by someone or an organisation that is under its control. The College recognises the potential risks in subcontracting provision including financial risk and the quality of provision. The College aims to keep subcontracting to a minimum, consistently challenge itself to ensure that subcontracting is in line with its rationale and reduce it where possible.

## **SCOPE**

This policy applies to supply chain activity supported by funding from the Education & Skills Funding Agency, HEFCE, WMCA 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 Subcontracting funding rules for ESFA funded post-16 funding for 2021-22 funding year, the West Midlands Combined Authority Adult Education Budget Funding Rules 2021-22, and the Apprenticeship Funding Rules for the 2021-22 funding year.
- b) The College will at all times undertake fair, transparent and competitive procurement activities, conducting robust due diligence procedures on potential delivery partners 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. The College will comply with the Public Contracts Regulations 2015.
- 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.

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- d) 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 impact and effectiveness of service delivery to the end use in accordance with these Overarching Principles.
- e) Approval is sought from the, ESFA (for Forward Subcontracting), West Midlands Combined Authority (for AEB) or other relevant funding bodies prior to any subcontracting agreement being signed.

## **2. Rationale for partnership or subcontracting arrangements**

The College's Corporation and Chief Finance Officer, 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.

The College shall only use subcontractors where:

- a) they have staff with the knowledge and skills, within the organisation, to successfully select subcontractors and actively manage those subcontractors;
- b) subcontractors have been determined as high quality and low risk to public funds; and
- c) robust procedures are in place to ensure subcontracting does not lead to the inadvertent funding of extremist organisations.

Each subcontracting arrangement will seek to meet as many of the below aims as possible but must meet at least one of the first five:

- enhance the opportunities available to young people and adults
- fill gaps in niche or expert provision, or provide better access to training facilities
- support better geographical access for learners
- offer an entry point for disadvantaged groups.
- consider the impact on, and support individuals who share protected characteristics, and in particular where alternative provision may not be available to them or meet their particular needs
- work with delivery partners to introduce new provision in priority sectors, that add value to the College's existing curriculum offer
- provide access to, or engagement with, a new range of customers
- ensure delivery intention is met where there is a recognised risk in direct provision (e.g. through JCP referrals not being realised)
- support another provider to develop capacity/quality

### **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. We will ensure that high-quality delivery is taking place that meets the requirements of our contracts with the ESFA and WMCA.

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 2021-22 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 programme (for example, buying the delivery of part of an Apprenticeship framework/standard or outreach support).

The College will ensure all actual and potential delivery 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

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- 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 annually and updated as required. It will be published on the College website 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 2021/22

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

<b>Paperwork Submission Cut Off Date</b>	<b>Payment Month</b>	<b>Invoice raised by Provider Cut Off Date</b>	<b>Payment Date (on or before)</b>
23/08/2021	Sep-21	20/09/2021	30/09/2021
20/09/2021	Oct-21	18/10/2021	29/10/2021
18/10/2021	Nov-21	22/11/2021	30/11/2021
22/11/2021	Dec-21	06/12/2021	17/12/2021
*13/12/2021 *Due to Christmas Holidays	Jan-22	24/01/2022	31/01/2022
24/01/2022	Feb-22	21/02/2022	28/02/2022
21/02/2022	Mar-22	21/03/2022	31/03/2022
20/03/2022	Apr-22	25/04/2022	29/04/2022
24/04/2022	May-22	23/05/2022	31/05/2022
22/05/2022	Jun-22	20/06/2022	30/06/2022
19/06/2022	Jul-22	18/07/2022	29/07/2022
17/07/2022	Aug-22	15/08/2022	31/08/2022

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 2021/22

The associated costs are determined by the risk rating given to each delivery partner. Delivery partners are risk rated during a due diligence exercise that is undertaken when contracts commence, and also refreshed each academic year. 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 College aims to work with providers that are rated medium or low risk, however the College reserves the right to work with high risk providers that bring a specific strategic alignment and charge above the stipulated 20% if there is a clear rationale for this additional charge (for example, the secondment of staff or if the delivery partner has no proven track record).

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.

The College will not contract with any subcontractor that:

- a) does not have the financial ability to deliver the requirements of the subcontract;
- b) is a brand new company and has not yet submitted their first statutory accounts;
- c) has an above-average risk warning from a credit agency;
- d) has passed a resolution to wind up or liquidate the company, or administrators have been appointed; or
- e) has statutory accounts overdue.

A breakdown of the 20% management fee is included in the Apprentice Training Services Agreement (where applicable), Partnering Agreement, and Appendix 2 of this policy.

### 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 but is not

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limited to:

- 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 spot checks and face-to-face interviews with staff and learners, verification that learners exist and meet the eligibility criteria for funding and involve direct observation of initial guidance, assessment, and delivery of learning programmes, training and/or direct observation of assessment.

The College will also undertake periodic reviews and checks 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; an overview of this work is included in Appendix I. Where the needs of the employer are not being met, an action plan will be put in place and additional supportive measures engaged. In the event of the partner falling short of their contractual obligations (such as a failure to provide suitable evidence as a result of internal or external audit, or over-claiming public funds) an appropriate level of funding will be clawed back in order to safeguard public funds.

### **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, the College may determine additional visits are required through the outcome of these audits.

<b>Risk Band</b>	<b>Announced</b>	<b>Unannounced</b>
<b>HIGH</b>	2	2
<b>MEDIUM</b>	2	1
<b>LOW</b>	1	1

## **7. Restrictions on Subcontracting**

The College shall make reference to or share with the ESFA any information where required in accordance with the Subcontracting Funding Rules, using the appropriate forms where specified, and shall not enter into any subcontract until determination has been made by the ESFA.

The College shall not enter into any agreement for brokerage.

The College shall only award subcontracts for delivery of ESFA funded provision to legal entities. Subcontractors who are on the UK Register of Learners and hold a valid UK Provider Reference Number.

The College shall not engage in second level subcontracting, all subcontractors must have a direct subcontract with the College.

The College shall enter into contracts with all Subcontractors that include the terms specified in the Subcontracting Funding Rules

## **APPENDIX I**

### **Dudley College of Technology responsibilities.**

#### **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 including progress reviews (where applicable) and learner and employer interviews.
- 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) Agree all Apprenticeship Training Services Agreements (ATSA) with employers and agree employer contribution payment plan (if applicable).
- w) Set up contracts with relevant End Point Assessment Organisations (where applicable)
- 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) Reporting of any PDSAT errors to Partnerships Team
- e) Reporting off-the-job hours on the ILR.
- f) Provide appropriate updates to colleagues across the College of any changes to processes, procedures and documentation that impact funding.
- g) Providing funding calculations relating to each delivery partner.
- h) Providing termly ILR data to share with 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) Ensure End Point Assessment Organisations are paid in a timely manner.
- d) Ensure incentives are paid in a timely manner to employers.
- e) Inform MIS and Partnerships team when employer contribution payments have been received through internal reporting procedures

## **4. Exams will be responsible for:**

- a) Claiming individual components of frameworks/standards where registered through the College centre.
- b) Carrying out spot checks relating to Functional Skills and other tests or exams that form part of the framework/standard.
- c) Ensuring that invigilation is carried out in accordance with awarding organisation requirements.
- d) Ensuring that copies of all learner certificates are copied and retained.
- e) Liaise with relevant End Point Assessment Organisations and Delivery Partner to support the booking of End Point Assessment.

## **f) 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) Provides update of any changes to the qualification (standard or framework) and End Point Assessment arrangements.

- f) Validation of assessment.
- g) Internal verification – formative and summative.
- h) Evaluating course reviews.
- i) Evaluating learner and employer feedback.
- j) Provide a volume of training and/or assessment as agreed in the Apprenticeship Training Services Agreements (ATSA), where applicable
- k) Provide opportunities to observe best practice in the delivery of teaching and learning or associated services.

**g) Functional Skills will be responsible for (when related to FS delivery only):-**

- 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) Provide relevant updates on changes to Functional Skills
- h) 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.

**h) Quality and Standards will be responsible for:**

- a) Liaise with Delivery Partner to arrange observations.
- b) 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.
- c) To follow up on any actions arising from observations of teaching and learning.
- d) Providing assistance to delivery partners in completing their Self-Assessment Report (SAR) that feeds into the College SAR.
- e) Providing feedback on the SAR and Quality Improvement Plan (QIP).
- f) Include delivery partner staff in any relevant training relating to delivery, assessment, verification, teaching, inspection etc.

**i) Human Resources 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 confidentially and in compliance with the Data Protection Legislation.
- c) Ensuring that all delivery partner staff are included in any relevant safeguarding, Prevent or other applicable training.

**j) 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.

## APPENDIX 2

<b>DETAILS OF PARTNERSHIP</b>			
<b>Training delivered by Subcontractor</b>	As detailed under 'Co-Delivery'		
<b>Percentage split</b>	80% to Delivery Partner 20% Dudley College		
<b>MAIN PROVIDER OVERSIGHT OF DELIVERY PARTNER</b>			
College Activity	Proportion of funding retained by college.	Contribution to high quality training	Explanation of how cost is proportionate to subcontracted training
[Quality Monitoring, Quality Assurance and Oversight]	5%	<p><b>Best practice guidance on teaching, delivery, and development of programme where necessary.</b></p> <p><b>Monitoring systems in place and advising on how current systems can be improved upon through industry best practice.</b></p> <p><b>Announced and unannounced funding assurance audits that test monitoring systems, and desktop audits that ensure paperwork compliance.</b></p>	<p>This continues to improve the experience that learners and employers receive through raising standards.</p> <p>Ensures that learners are thoroughly tracked throughout their programme, and do not fall behind target.</p> <p>Ensures high quality delivery is taking place that is value for money and safeguards public funds.</p>

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[Delivery Partner Management]	5%	<p><b>Ensuring staff are included in relevant safeguarding, Prevent, GDPR or any other relevant training, and provide on-going HR support and advice.</b></p> <p><b>Regular contract review meetings to discuss performance, potential issues, success stories, on-programme monitoring, emerging changes within the sector.</b></p> <p><b>Provide administrative functions such as data returns and identification of any clawback for under deliver or any other reasons such as those identified through audit.</b></p>	<p>Protecting apprentices by ensuring delivery staff are suitably verified and kept up to date.</p> <p>This safeguards public funds through regular monitoring learner progress and performance of delivery partner and ensures a consistent approach throughout programme.</p> <p>Ensure an accurate funding drawdown from relevant funding agency. Also acts as a check to ensure that learners are correctly enrolled.</p>
[Support costs and administrative functions]	5%	<p><b>Regular audit and compliance support, ensuring adherence with the Funding Rules through support and guidance to ensure a compliant apprentice programme.</b></p> <p><b>Access to college facilities, including Student Services, Student Union, library and remote access to student network and a licence for Office 365.</b></p>	<p>Information and guidance is regularly passed on to Delivery Partner, enabling them to plan ahead for any changes within the sector that may impact the Apprentice. The delivery partner receives training on any changes to process or procedures.</p> <p>Learners are able to access first class resources contribution to their learning outcome.</p>

[other]	5%	<p><b>Regular planned on-programme assessments (progress reviews)</b></p> <p><b>Working with delivery partner to provide a collaborative approach to the programme.</b></p> <p><b>Mandatory training delivered to the subcontractor staff</b></p>	<p>To discuss progress to date against the commitment statement and the immediate next steps required ensuring a quality training programme is being delivered.</p> <p>Working alongside delivery partner to ensure that the learning experience is enhanced and delivery is complimented.</p> <p>Training is mandatory and is delivered by the directly funded provider.</p>
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**Associated Documents**

[Employer and Other Managing Agency Contracts](#)

[Franchising](#)

[Supply Chain Contingency](#)