East Coast College Policy and Procedure

Supply Chain Fees and Charges Policy 2018-19

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Supply Chain Fees and Charges Policy

1. Introduction

1.1. Purpose

1.1.1. The Supply Chain Fees and Charges Policy (the Policy) is a mandatory requirement of the Educational and Skills Funding Agency (ESFA) funding rules for all Lead Providers (i.e. those who hold a direct funding contract with the ESFA) who subcontract government funded activity to a third party, Partner provider. This relates to the ESFA's definition of Provision Subcontracting. The ESFA imposes guidance in this area and as such the Policy is directly influenced by this guidance which is contained in the Funding Rules 2017-18 document.

1.1.2. The Policy is required to set out the College rationale for subcontracting funding to Partner providers and the approach taken to determine the fees and charges made for this area of work.

1.1.3. The ESFA further require the Policy to outline how its terms will support the raising of standards in teaching and learning as well as the typical fees charged for this and the services provided by the College in return for such fees. Within this, the Policy is required to outline payment terms and how these operate.

1.1.4. The Policy must detail how, when and where the Policy is communicated to the College's subcontracted Partners and the schedule for the Policy review.

1.2. Scope

1.2.1. Following approval by the Corporation, the Policy will be communicated via the Deputy CEO to all relevant staff at the College and to all subcontracted Partners as part of the planning and contracting process for the new academic year.

1.2.2. The Policy will be available to Partners via the Assistant Principal's, Curriculum in their position of contract management and published on the College website

1.3. Responsibilities

1.3.1. The following staff will have responsibility for the Policy in the applications as below:

1.3.2. The Corporation is responsible for :

- Approval of the Supply Chain Fees and Charges Policy on an annual basis
- Approval of the annual subcontracting plan

1.3.3. The Senior Leadership Team is responsible for:

- The Deputy CEO is responsible for writing and reviewing the Supply Chain Fees and Charges Policy
- The Deputy CEO and the Deputy Principal are responsible for ensuring the application of the Policy and overseeing the delivery of the services to Partners for the fees charged

1.3.4. The Assistant Principals , Curriculum are responsible for:

- Contract managing the College's Partners and partnership provision, including the assessment of quality and the delivery of quality support services
- Maintaining a due diligence review of Partners which informs Partner selection processes and the exposure/ risk per Partner

1.3.5. The College MIS team is responsible for:

- Maintaining records of Partner delivery on the College's student record system in relation to evidence provided
- Reporting Partner outurns to the ESFA and internally to inform contract management and Partner payments

1.3.6. The College Finance Team is responsible for:

- Agreeing a payment timetable to Partners
- Making accurate payments to Partners that are timely in accordance with the Funding Rules

1.4. Definitions

1.4.1. The Policy relates to Provision Subcontracting, which is the subcontracting of the delivery of full qualifications and or

frameworks/ standards by the College to a third party delivery partner.

1.4.2. For the purposes of the Policy the following definitions shall apply

- The College shall mean East Coast College
- The Subcontractor shall mean a legal entity that the College has subcontracted its provision to
- The Partner shall mean the Subcontractor
- The Learner shall mean anyone undertaking learning on a programme that is delivered under a subcontract with the College
- The Parties shall mean the College and the Subcontractor

2 Partnership Strategy

2.1 In line with the College's Partnership Strategy, the College will partner with a group of select external training organisations to optimise the impact and effectiveness of service delivery to learners. The College will therefore ensure that supply chain management activities comply with the principles of best practice in the skills sector.

2.2 The College will at all times undertake fair and transparent procurement activities, conducting robust due diligence procedures on subcontractors to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learners lives. Selected partners will share the College's educational aspirations and outcomes will benefit learners, employers, the College and the Partner. Partner relationships will be collaborative and the parties will work together to contribute to the College strategic developments in the long term. .

3 Rationale for Subcontracting

3.1 The College will engage with Partner external training organisations to meet the following key objectives:

- To align with College strategy to meet Government priority targets in learner groups and outcomes
- To meet specific local community needs in line with LEP priorities

- To provide the College access to and engagement with a wider community of learners including hard to reach learners who do not follow typical routes into education
- To broaden the College curriculum offer into new areas including the exploration of new sectors prior to College investment in resources and the provision of niche delivery where the cost of developing internal capacity would be prohibitive
- To build local strategic educational relationships
- To target growth in the development of specific College funding allocations
- To support the meeting of College funding allocations

3.2 The College will reduce/expand its partner base within year and on an annual basis to meet these strategic objectives

4 **Contribution to Improving Teaching and Learning**

4.1 The quality of subcontracted provision will be monitored and managed in line with existing College quality assurance processes, standards and expectations that cover selection, contracting, monitoring, intervention and review of all subcontracting arrangements in the College. To enable the continuous improvement of the quality of teaching and learning for both the College and its subcontractors, the College will seek to promote the sharing of effective practice across the supply chain

4.2 Subcontracted Partners will be directly supported through contract managers who are linked specifically to curriculum to support the development of teaching and learning. The partnership management framework enables links into wider departments within College bringing other areas of on-going support to help improve policy and practice in such as administration, organisation and finance.

4.3 The Policy defines the range of associated College services that contribute towards the improving of teaching and learning of subcontracted provision and relates these to the fees and payment terms by:

4.3.1 The Policy defines the standard fees charged and the agreed minimum levels of service provided by the College which shall be set by the College to support improvements in teaching and learning and which shall be proportionate to the nature, content, distribution and standard of the subcontracted delivery to enable the College to provide such services

4.3.2 The Policy defines the range of additional services that shall be available from the College in support of the continuous improvement of the provision but which shall be additional to the agreed minimum services provided within the standard fee

4.3.3 The terms within the Policy enable the direct linkage of fees and payment to the meeting of contractual targets in teaching and learning/ learner outcomes which may be deemed necessary by the College to promote the continuous improvement of these standards

5 Providing Support for Subcontractors

5.1 As part of the initial and on-going due diligence quality assessment mechanisms, the College will undertake an assessment of the subcontracted provision and will share the results to inform opportunities for development of standards

5.2 Throughout the term of the contract, as an agreed minimum standard, the College will provide the following services to the subcontracted provision:

- Access to a designated partner link
- Access to existing College expertise, as appropriate
- A contract management service to include the regular monitoring and reporting of progress
- Access to guidance on the application of funding methodologies and funding policy
- Access to guidance on the development and application of a robust funding audit trail
- A regular quality performance monitoring visit service that includes the sampling and development support in:
  - Individual standards of delivery in teaching and learning
  - Standards of resourcing
  - Standards of learner work
  - Learner attendance and progression levels
  - Learner retention, pass rates and achievement levels
  - Learner voice – and , where appropriate, employer
  - Assessment and moderation mechanisms
- Access to guidance and the sharing of best practice to address areas of improvement in teaching, learning and key quality management processes
- Access to College in house face to face or digital CPD
- Access to learner support

- A full compliance management service for the collation, verification and processing of evidence in relation funding claims for the subcontracted provision

5.3 Additional services that may be available to the subcontractor that are additional to the agreed minimum level of service may include but are not limited to:

- Sampling and development support services that are over and above the normal level of support and require additional resourcing for the College
- Awarding organisation fees and charges for learner registration and certification
- The provision of Internal Quality Assurance services by College staff
- The delivery of externally charged staff CPD
- The hiring of facilities / equipment within/ from the College
- The provision of marketing services
- The provision of recruitment services

6 Fees and Payments

6.1 The fees charged by the College shall be agreed in the contracts between the parties and shall be determined by the following:

6.1.1 The fee structure shall include a standard management fee for the agreed minimum level of service by the College and shall be at a standard proportion of the funding earned for the programmes delivered by the Partner.

- For programme of study where the College delivers the English and Maths elements the associated costs in terms of delivery hours as a proportion of the whole programme hours will be deducted from the funding to the partner at the full ESFA rate.

6.1.2 The fee structure will allow the College to reduce or increase the standard management fee in proportion to the risk as determined by the nature, content, distribution and outcomes of the subcontracted delivery as determined by the College

6.1.3 The fee structure shall enable the College to increase the standard management fee in relation to the failure by the subcontractor to hit the agreed standards and targets as given in the contract

6.1.4 The fee structure shall enable the College to increase the fee to cover any additional non-specific support to improve the standards of teaching and learning that are deemed necessary by the College and over and above the agreed minimum level of service

6.1.5 The fee structure will enable the College to be competitive when dealing with subcontractors who have provision in highly competitive market areas

6.1.6 The fee structure will enable the subcontractor to purchase specific additional services from the College that are so required by the subcontractor and over and above the agreed minimum services

6.2 The fee charged will be agreed with individual subcontractors within the following guidelines:

Provision of services by the College	Standard fee as a proportion of the funding earned	Possible range of fee as a proportion of funding earned	Direct charge for additional service
Agreed minimum standard	20%	20-35%	N/A
Additional non-specific services	N/A	20%	N/A
Additional specific services	N/A	N/A	Charged in accordance with costs of specific service to the College

7 Payment Terms

7.1 The Parties shall agree the level of fee to be charged by the College in relation to the charging approach and fee structure and this shall be set out in the contract between the parties

7.2 The standard payment terms are monthly in arrears based on actual delivery recorded on the College ILR and supported with the agreed

audit evidence. Details of payments are included in the contract between the parties and include:

7.2.1 The Parties will agree a maximum contract value which will be detailed in the annexes to the contract

7.2.2 The College will pay the subcontractor a monthly payment which is calculated based on the ESFA PFR Occupancy list to take into account funding generated to date, the management fee and payments made to date

7.2.3 In line with the SFA funding methodology and formula, 20% of the total funding is withheld until evidence of achievement is received

7.2.4 Invoices are payable within 30 days of the date of issue

7.2.4 Details of any rights by the College to withdraw, reduce or withhold funding are published in the contract and relate to the protection of ESFA funds and not to the benefit of the College

7.2.5 The College expects subcontractors to fully assess the accuracy of payments and to have a responsibility to review their monthly financial reports to identify any inaccuracies