

# Supply Chain Fee & Charging Policy

**Policy Owner:** Deputy Principal – Finance & Resources

**Date of Approval:** June 2023

**Approved By:** Policy & Resources Committee

**Date of Next Review:** Annually



Barking & Dagenham College

## Our Mission

To unleash potential, creating better futures for our learners, businesses and communities **Our**

## Our Vision

A **Truly Great College**, delivering inspirational learning and excellence through career focused education.

## Our Values

**Learner and customer focused** – ensuring they are at the heart of everything we do

**Respectful** – by valuing and treating all fairly and as individuals

**Passionate** – demonstrating energising, engaging and inspiring all to achieve their potential

**Collaborative** – always working together to achieve excellence and growth

**Innovative** – leading the way, seeking new ways to continually improve

**Excellent** – in learning, teaching and assessment, the key to our success

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## 1 Introduction / Context

Subcontracted partnership delivery at Barking and Dagenham College (BDC) is firmly linked to the college's strategic objectives:

Achieving Excellence – to ensure student success, recognised in the top 10% for education performance;

Enhancing Economic Prosperity – to provide employers with access to high quality training provision needed to train their workforce in current and emerging skills.

Unlocking the Ambitions of our Communities – to support more young people and adults into further and higher education and sustained employment.

Creating a Valued Resource and Asset – to create flexible and responsive human capital and infrastructures able to adapt to new and emerging skills and technologies,

Building a Sustainable Future – to future proof the College by enhancing our finances to re-invest.

## 2 Principles / Purpose

### Rationale for Subcontracting

Through its work with Subcontracted partners, the College is better able to respond to the local, regional skills development, employer engagement and widening participation in education, training and employment; and support the economic development of the local area.

The College will actively seek to work strategically and operationally with organisations that have established links with those groups and individuals that have been traditionally under-represented in education, training and employment and that remain “hard to reach”. The College also seeks to increase the breadth of its offer by engaging with commercial organisations that deliver specialist provision, which is complementary to its main offer. The intention would be to: -

- Develop and expand the provision by supporting learners and employers with responsive, niche, specialist or local provision through a Subcontractor which is not delivered internally by the College
- Offer programmes that optimise sustainable progression routes to other provision within the College
- Enable subcontracted provision in communities where the College has no physical presence, is hard to reach and that addresses gaps in provision

The College will use its Subcontractors to maximise the impact and effectiveness of its service delivery to the learners and impact to local communities and businesses. The College will assume robust controls over Subcontracted provision to minimise any risk to its reputation, financial position and learners.

The policy has been formulated in line with the ESFA Funding Rules, its Subcontracting control regulations, Supply Chain Management – A good practice guide for the post-16 skills sector” published jointly by Association of Employment and Learning Providers, Learning and Skills Improvement Service and Association of Colleges.

It has been amended to comply with the latest ESFA and GLA Funding Agency Rules and the ESFA Subcontracting Standard pertaining to the list of services BDC will provide to Subcontractors and the associated cost for doing so.

The College will undertake and demonstrate the following:

- All Subcontracting arrangements should be in adherence with the principles of best practice as indicated in the ESFA's Subcontracting Standard.

- Transparent and consistent procurement exercises in accordance with the Public Contracts Regulations 2015 underpinned by robust due diligence procedures and processes on potential Subcontractors.
- Permission will be sought from the relevant funding body for the appointment of Subcontractors
- The fees charged or funding retained by the College pertains to the cost of services the College provides to its Subcontractors. This information will be agreed by all parties and will be explicit within the Subcontract agreement.
- How BDC will support improvement in Subcontractor's quality of teaching, learning and assessment.
- The fees retained to manage Subcontractors, and the breakdown of charges in order that BDC meet the requirement to comply with Funding Agency Guidance and Rules for 2023-24 regarding services BDC will provide to Subcontractors and the associated cost for doing so.
- A description of how each specific cost is reasonable and proportionate to the delivery of the Subcontracted teaching and learning and how each cost contributes to delivering high quality teaching.
- Provision Subcontracting. the delivery of full programmes or frameworks or standards.
- The reason for any differences in fees charged for or support provided to different Subcontractors.
- Payment terms between BDC and our Subcontractors, including the timing of payments in relation to delivering provision and timescale for paying invoices and claims for funding received.
- Payment terms between BDC and Subcontractors in relation to delivering apprenticeships training and / or on-programme assessment including the timing of payments in relation to delivering provision and timescale for paying invoices and claims for funding received.
- How and when the policy is communicated to and discussed with current and potential Subcontractors.
- The Policy will be reviewed and approved by the College and the Governing Body on an annual basis and the approved version will be published on the College's website.

### 3 Scope

The Policy seeks to provide transparency and consistency to the College's procurement of Subcontractors and supply chain fees & charges in relation to its Subcontracting arrangements and to ensure compliance with all legal, contractual, internal and external agency requirements.

The Policy demonstrates how the College will apply fees and charges to contracts with organisations subcontracted to deliver education and training activities supported with funds supplied by but not limited to the Greater London Authority (GLA), the Education and Skills Funding Agency (ESFA) and any successor organisations.

Where the College identifies the strategic requirement and need for Subcontracting the delivery of its internal training provision, BDC will undertake a fair transparent procurement process in accordance with the Public Contract Regulations Act 2015 and the College's Financial Regulations to select parties to deliver programmes and activities funded by the government through its funding bodies.

The purpose may include but is not limited to increasing the opportunities for young people and adult learners to access training and education where otherwise this may not be an option. The highest quality of learning delivery should be sought to demonstrate value for money and a positive impact on learner lives.

### 4 Definitions

#### Contractual Stages

The organisations with which it contracts will be subject to performance management and audit arrangements that seek to secure the funding and quality of provision being delivered on behalf of BDC. All Subcontractors will be required to meet the following requirements:

#### Pre-Contract

- a) Due diligence activities are undertaken by the college and the Subcontractor's evidence is assessed and validated. The Sub-Contractor must satisfy the Internal/ External Due Diligence

requirements before the College can proceed with a contractual agreement. The requirements include but are not limited to College validation of the following:

- track record of recruitment, retention, achievement rates, progression and job outcomes,
- Quality assurance procedures including self-assessment and audit performance,
- Awarding body approval status,
- Regulatory compliance on Health & Safety, Data protection, GDPR and Safeguarding, including Prevent duty, SEND,
- Equality & Diversity adherence,
- Sustainability adherence
- Financial viability,
- Listing on Register of Apprenticeship Training Providers and any other relevant required Register as declared by the Funding Agency
- Ability to demonstrate processes in place to meet collection, recording and evidence of non-levy paying employers' co – investment contribution where applicable.

b) Where requested, additional support can be provided by the College Curriculum and Business Support teams on funding guidance and curriculum design.

c) The Contract is drawn up based on the college's standard document which defines the college's terms and conditions covering:

- any statutory requirements,
- college policies and procedures,
- quality standards,
- performance management,
- details of the programme to be delivered,
- the agreed management fee charged by the college,
- the delivery and payment profile,
- documentation requirements,
- payment processes including distribution, collection and recording
- evidence of non-levy paying employers' co-investment contribution and dates.

### **Monitoring of Subcontractors**

The College has in place rigorous checks pertaining to the following and reserves the right to suspend or terminate subcontracted delivery on account of the College observing serious non-compliance risks/ evidence:

- Audit/ Funding Compliance
- Quality Assurance

### **Audit/ Funding Compliance**

- The College will continually audit Subcontractors and the provision to ensure the programmes and learners meet the evidence requirements of the relevant funding regulations and the internal requirements of the College. Auditing will be through routine internal desktop evidence review and on-site visits which will validate learner existence, eligibility, attendance and funding documentation.
- Visits may be increased dependent on risk. Regular interaction and reviews with Subcontractors will be required to ensure continuity of full audit and funding compliance.
- The College instructs its external auditors to audit Subcontracted Provision on an annual basis in accordance with GLA and ESFA requirements

### **Quality Assurance**

- The quality of the provision is managed and monitored to ensure full quality assurance compliance with internal/ external requirements. Subcontractors will be subject to on-going quality assurance checks, including short-notice premise/ classroom visits, interviews with staff/ learners, which could increase depending on risk. Outcomes should be in line with national benchmarks

- The College will provide the necessary support and training required for compliance with its Quality Assurance processes and will review the sub-contractor's own quality monitoring processes, learner outcomes and quality data.
- The delivery of quality targets and outcomes and timely implementation of corrective actions when necessary.
- All Subcontractors should be fully compliant with the safeguarding procedures and Prevent strategy against radicalisation

Subcontractor financial performance against contractual targets will be reviewed and monitored on a monthly basis at minimum by a designated College team assigned to the contract management of the individual Subcontractor relationship.

### **Contingency Plan**

The College takes full responsibility for its Subcontracted learners; the Subcontractors must communicate to the learners that they are enrolled with the College via the Subcontractor and the College will monitor this to ensure compliance.

The College will intervene in the event that:

- a sub-contractor goes into liquidation or administration.
- The College needs to terminate a sub-contract arrangement
- A sub-contractor needs to withdraw from the sub-contract arrangement

The College will, within 7 days, initiate plans to execute the required actions, notify the funding body in order to protect the interests of the learners. The contingency plans could include one or more of the following:

- Emergency discussions with the sub-contractor and/or the funding body
- Offer the learners direct provision with the College
- Offer the learners transfer to another sub-contractor.
- Assume responsibility for the sub-contractor's staff and premises.
- Identify a Contingency Plan Lead and required College resources.
- Write to the sub-contractor to formally terminate the contract, clearly outlining the reasons.
- Write to the funding body to formally advise them of the changes to the Sub-contract
- initiate the Colleges Disaster Recovery Plan if the impact is assessed as high-risk and significant
- Instruct the College's auditors to investigate the issues is required

### **Management fees retained by Barking & Dagenham College (BDC)**

The management fee retained by BDC is calculated as a percentage of the contract value agreed with the Subcontractor. The typical percentage of fees retained BDC to manage Subcontractors is 20% depending on a range of factors as indicated below. The College reserves to the right to reduce or increase the % outside of the aforementioned % threshold in exceptional circumstances and is subject to an Exec assessment of the proposed individual Subcontractor arrangement inclusive of the services and goods to be delivered and in accordance with the College's strategic requirements and the relevant Funding Agency rules.

This policy will be reviewed and updated annually or more frequently as required

The management fee is open to negotiation and review by Subcontractors and the final fee is agreed by both parties in accordance with the relevant Funding Agency Rules.

### **Reasons for differences in fees charged**

Fees charged to individual providers will differ depending on the factors outlined in the calculation of management fee. The percentage retained may also vary where there are additional services provided by BDC e.g., where the BDC assumes direct responsibility for teaching certain aspects of the learners' programme of study or if less College management support is needed on account of the Subcontractors specialist experience and expertise.

BDC reserves the right to adjust the percentage of fees charged if there are quality issues with the provider or if more management and administrative support is required by the College.

BDC retains a management fee which covers a proportion of the direct costs associated with operating and quality assuring sub-contract provision and which provides a contribution towards indirect costs such as finance, student support, IT and other curriculum support costs.

The management fee for Subcontractors will be set in order to reflect the time and resources required to set up and monitor a Subcontractor. A higher rate may be charged on an exceptional basis with the specific approval of the Colleges Executive Leadership

The Subcontractor fee covers the following specific costs incurred by the college.

This list of specific charges outlined above is reviewed each year by the senior management team to determine whether it is reasonable and proportionate. Careful consideration will be given to whether these charges contribute positively to an improvement in the quality of teaching and learning delivered by the Subcontractor. Changes will be made if required.

These specific costs are included in the contract issued to each Subcontractor and are discussed during the first contract management meeting to ensure that the Subcontractor agrees that the costs are reasonable and proportionate and understands how they contribute to delivering high quality learning.

Examples of contract delivery support include

The college will provide the following range of support services to Subcontractors which includes but is not limited to:

- a) Marketing –the details of the sub-contractor will be published on the college web- site. Where agreed by both parties, additional focused marketing campaigns can be delivered by the college in conjunction with the sub-contractor. Sharing the costs of such campaigns to be agreed by both parties on a case-by-case basis.
- b) Administration support – guidance and support from the college’s Partnership Team to the Subcontractor in compliance with the college’s Subcontracting processes
- c) Continuous Professional Development of Subcontractor staff – the designated College Curriculum Leads will arrange best practice workshops and bite-sized training covering current and developing topics within education, training and skills development.
- d) Optional Quality Improvement Planning – where agreed between both parties, the college’s Quality & Transforming Learning team can deliver individual and small group guidance and support in Quality Improvement planning
- e) The Partnership Team works with Subcontractors to manage the delivery performance. This is based on a red, amber, green risk internal monthly performance against target profile.

#### **Payment Terms/Timing of Payments**

- a) The college pays its Subcontractors monthly in arrears based on the actual performance of the sub-contractor capped on a monthly basis in line with the funding agency payment profile.
- b) On a monthly basis the college receives the contractually agreed documentary evidence of activity from the partner and records this in its Management Information System.
- c) At the agreed month-end cut-off date the college submits a claim for funding to the relevant funding agency which generates a report of the funding due to the college.
- d) Using this data, the college applies the agreed management fee to the sub-contractor’s activity and sends a detailed payment report to each partner within a structured timescale

- e) The partner then submits an invoice based on the agreed payment report which is processed for payment through BACS by the college to reach the partner by the end of the calendar month.
- f) The standard schedule of dates is included in each sub-contractor's contract.

## 5 Review

This policy will be periodically monitored in light of legislative, regulatory, codifiable or necessary changes, and in any event formally reviewed, and revised, if necessary, on an annual basis.

## 6 Linked Policies

Please read this in conjunction with the following policies. GDPR is Mandatory.