

Skills Team

Supply-Chain Fees and Charges Policy

Document Owner	Quality and Compliance Director & MI and Funding Director	
Change History		
Issue	Issue Date	List of Amendments or remarks as applicable
1	05/12/2017	Policy creation
2	22/11/2018	Partner update and fees for 18/19
3	30/10/2019	18/19 Close, 19/20 Forecast

Supply Chain Fees and Charges Policy

Policy

This policy provides consistency of approach and transparency for Skills Teams supply-chain fees and charges in relation to its subcontracting provision. This policy applies to all subcontracting supported with funds from the Education and Skills Funding Agency.

Reasons for Subcontracting

Skills Team recognises the need to offer a diverse range of qualifications and delivery models to meet the needs of our employers and learners, in a flexible and cost-effective way. By engaging with subcontractors Skills Team can do the following:

- Offer niche provision, meeting the needs of local and national priorities
- Support the Apprenticeship Standards and offer qualifications that meet the needs of our clients
- Be responsive to our clients and the industry requirements
- Engage with the wider community
- Offer flexibility by delivering provision at times and venues convenient to learners and employers.
- Ensure greater cost efficiency.
- Engage with new market opportunities.
- Build capacity.
- Share best practice

The specific details of the services provided by each party are agreed at the start and reviewed annually. This depends on the individual subcontractors needs, specialism and capabilities and the type of provision to be delivered. Management fees are calculated taking into consideration both the specific services the supplier provides, and those services provided by Skills Team. The payment terms, rates and payment triggers are set out in detail in each contract

Purpose of Policy

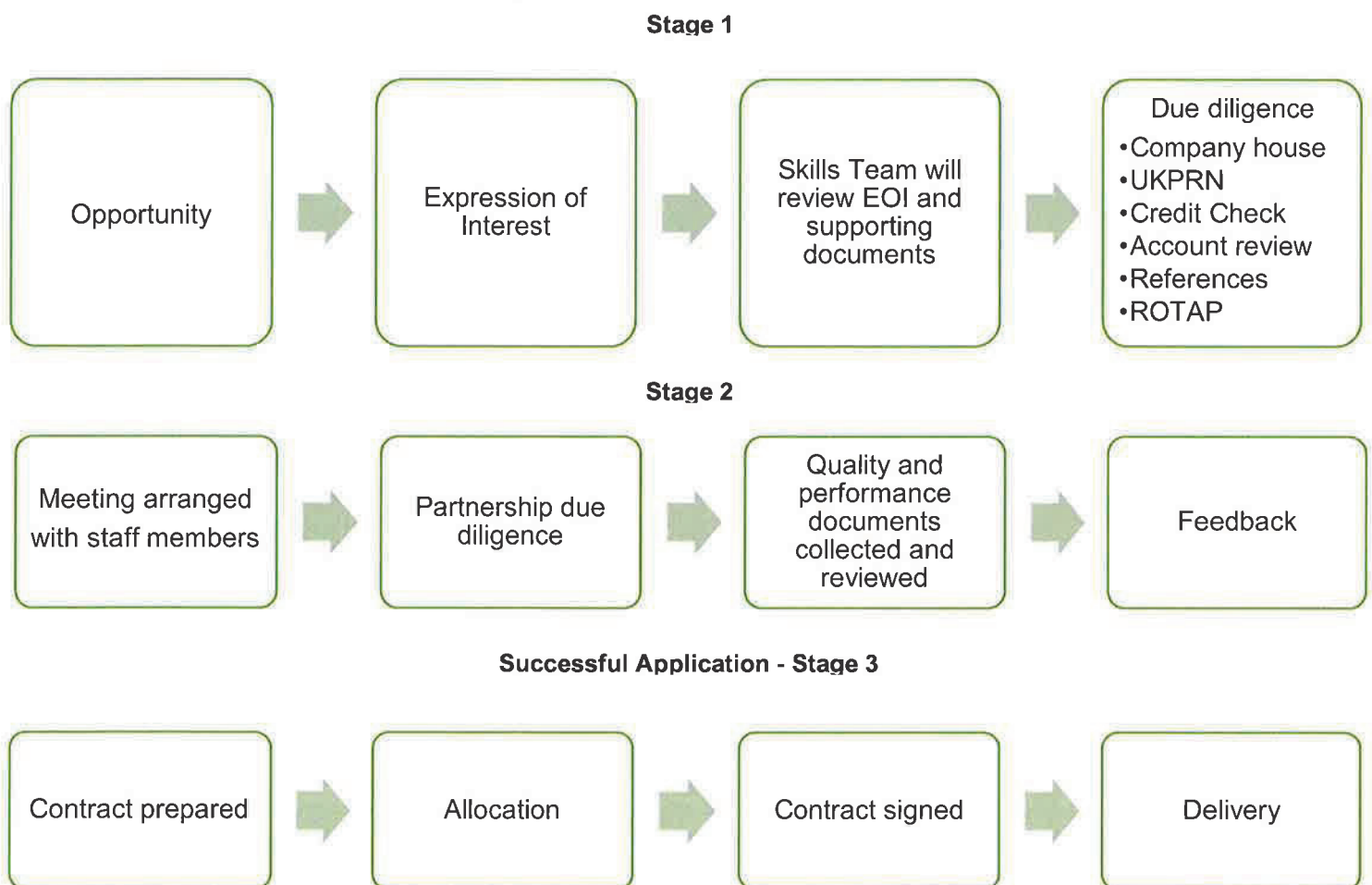
Skills Team will use this policy to optimise the impact and effectiveness of service delivery to the end user. Skills Team will therefore ensure that:

- Supply chain management activities comply with the principles of best practice in the skills sector, guided by the principles given in the ESFA publication “Funding Rules 2019/20 and the Subcontracting addendum”
- Skills Team will undertake fair and transparent procurement activities and a robust due diligence procedure for potential subcontractors to ensure compliance with all rules set by the ESFA and other funding bodies. This will

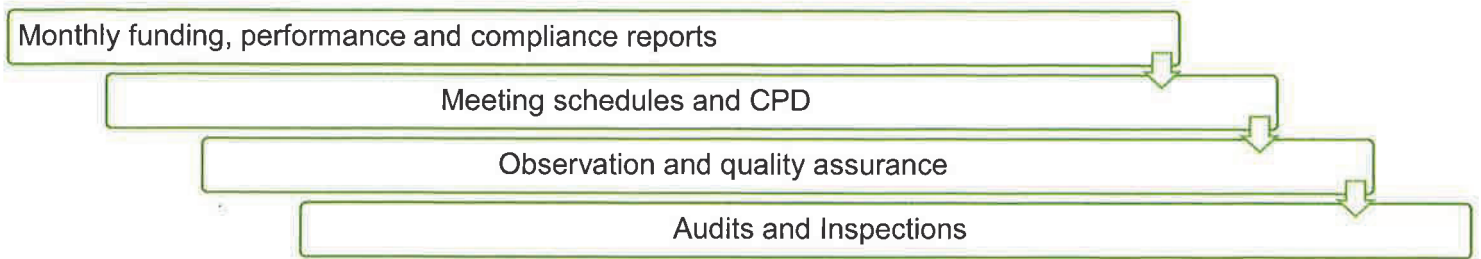
ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on the learner/employer.

- Skills Team have a synopsis of legal advice received in respect of the Public Contracts Regulations 2015
- Annual External Assurance will be undertaken to validate subcontracting provision and practices
- The funding that is retained by Skills Team will be related to the costs of the services provided. These services and the levels of funding being retained and a cost breakdown summary will be clearly documented and agreed by all parties within the contract.
- Effective risk management practice is undertaken with regard to supply chain management and to manage any risk accordingly.

Subcontracting Process and Management fees



Ongoing Subcontractor Monitoring and Review



Management Fees

An appropriate and agreed management fee between 10%-15% is applied to all subcontracted provision. The 15% management fee will only be charged to new Subcontractors with very little experience in delivering ESFA contracts and/or where a higher level of support is required.

This is retained by Skills Team to cover the overheads costs incurred through its management of these contracts. These costs include:

- Administrative Services
- Quality Assurance
- Management Information System support including data entry and ESFA uploads
- Live data reports i.e. Performance, Finances etc.
- Contractual audit compliance
- Moderation meetings – Observations/Self-Assessment Reports
- Provision of management meetings, regular support and monitoring meetings
- Staff Development E.g. Observations/Safeguarding/Equality and Diversity/Maths and English/IAG
- Sharing best practice
- Internal Quality Assurance audits

Subcontracting allocations will only be made based on financial due diligence, quality of provision and performance track record. This will be evaluated and evidenced through the subcontracting performance dashboard and annual contract review. The joint CEO's will sign-off any subcontracting contracts and any variations.

Payment Terms

Skills Team will issue authorisation to claim to the Subcontractor, in line with the invoice authorisation dates set out in the contracts. The authorisation will show a learner-by-learner breakdown of the funding amounts being paid to the contractor, as well as a schedule of non-payments and reasons for them.

Payments to the Subcontractor will be put on hold if important quality and funding documents have not been received. Subcontractors are advised to regularly send these documents to ensure payment is made on time.

All payments will be made to the Subcontractor via BACS and will be made within 30 calendar days of the invoice authorisation date.

Improving Quality

Skills Team are committed to continuous quality improvement in teaching, learning and assessment across all provisions. Skills Team have a robust quality process and are actively working towards ISO9001 accreditation. Abiding by ISO9001 standards supports the management of subcontractors and the quality of the service delivered on behalf of Skills Team. To monitor performance a range of Key Performance Indicators (KPIs) are introduced to ensure robust contractual requirements are met in terms of volumes and outcomes.

The delivery of subcontractors is underpinned by a full performance management function, ensuring all learners and employers have a high-quality experience and funds are assured.

This is delivered through the following services:

- Supply chain management
- Annual KPI and target setting
- Operational and strategic meetings
- Training and development workshops
- Allocation and performance monitoring of funding allocations
- Support for and aggregation of quality self-assessment and development plans
- Moderation of teaching and learning observations
- An internal assurance programme for funding and quality

Meeting schedule and programme reviews

Subcontractors will be expected to prepare an updated quality improvement plan after each monitoring meeting and programme review. Progress with addressing actions in the quality improvement plan will be monitored as part of the monthly meetings. The findings from programme reviews will be fed into the Skills Team self-assessment process and quality improvement plan.

Risk Assessment

To support the subcontracting process a series of risk factors will be considered which will impact upon both the level of oversight required on behalf of Skills Team and subsequently the level of management fee charged. These risk factors include, but are not restricted to:

- The duration and value of the contract
- Industry types and vocational area
- Historic performance of the subcontractor including success rates

- Ofsted Inspection reports
- Health and safety
- Safeguarding
- Equality and Diversity
- Dropout rates
- Staff turnover
- Policy agenda

Policy Review

Skills Team will review this policy annually. The review will take place in July of each year; the policy will be completed and published on the Skills Team website prior to the commencement of the next academic year. **Next scheduled review: July 2020**

Communication

Any changes to the policy will be communicated to existing subcontractors at quarterly management meetings. Furthermore, Skills Team will distribute a copy of this policy to all potential new subcontractors and discuss it with them as part of the pre-contracting process.

Supply Chain 19/20 Indicative contract totals

Subcontractor	UKPRN	Contract Start	Contract end date	Type of provision	Contract Value
iEP Educational Services	10045538	01/08/2018	31/07/2019	Adult Education (AEB) – ITQ	£69,678.40
iEP Educational Services	10045538	01/08/2018	31/07/2019	Apprenticeships – Network Engineer Knowledge Module Training	£32,000.00

Supply Chain fees – Annual summary ** 18/19 Total

Subcontractor	UKPRN	Contract Start	Contract end date	Type of provision	Funding received 18-19	Funding paid in 18-19	Funding retained in 17/18
iEP Educational services	10045538	01/08/19	31/07/20	AEB, Apprenticeships	£371,971.32	£325,626.22	£46,345.10

Board Member Approval

Name: DENISE ELLISON Title: CEO Signature:  Date: 30/10/19