# Skills Team

## Supply-Chain Fees and Charges Policy

<table>
<thead>
<tr>
<th>Document Owner</th>
<th>Quality and Compliance Director &amp; MI and Funding Director</th>
</tr>
</thead>
</table>

### Change History

<table>
<thead>
<tr>
<th>Issue</th>
<th>Issue Date</th>
<th>List of Amendments or remarks as applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>05/12/2017</td>
<td>Policy creation</td>
</tr>
<tr>
<td>2</td>
<td>22/11/2018</td>
<td>Partner update and fees for 18/19</td>
</tr>
<tr>
<td>3</td>
<td>30/10/2019</td>
<td>18/19 Close, 19/20 Forecast</td>
</tr>
<tr>
<td>4</td>
<td>16/07/2020</td>
<td>19/20 Close – Final subcontracting fees</td>
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</tbody>
</table>
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**

**Stage 1**

- Opportunity
- Expression of Interest
- Skills Team will review EOI and supporting documents
- Due diligence
  - Company house
  - UKPRN
  - Credit Check
  - Account review
  - References
  - ROTAP

**Stage 2**

- Meeting arranged with staff members
- Partnership due diligence
- Quality and performance documents collected and reviewed
- Feedback

**Successful Application - Stage 3**

- Contract prepared
- Allocation
- Contract signed
- Delivery
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. No further scheduled updates – Skills Team stopped subcontracting in March 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 Final contract totals

<table>
<thead>
<tr>
<th>Subcontractor</th>
<th>UKPRN</th>
<th>Contract Start</th>
<th>Contract end date</th>
<th>Type of provision</th>
<th>Contract Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEP Educational Services</td>
<td>10045538</td>
<td>01/08/2018</td>
<td>27/03/2020</td>
<td>Adult Education (AEB) – ITQ</td>
<td>£31,000.00</td>
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<tr>
<td>SEP Educational Services</td>
<td>10045538</td>
<td>01/08/2018</td>
<td>27/03/2020</td>
<td>Apprenticeships – Network Engineer Knowledge Module Training</td>
<td>£17,500.00</td>
</tr>
</tbody>
</table>

Supply Chain fees – Annual summary **19/20 Total

<table>
<thead>
<tr>
<th>Subcontractor</th>
<th>UKPRN</th>
<th>Contract Start</th>
<th>Contract end date</th>
<th>Type of provision</th>
<th>Funding received 19-20</th>
<th>Funding paid in 19-20</th>
<th>Funding retained in 19-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEP Educational Services</td>
<td>10045538</td>
<td>01/08/19</td>
<td>27/03/2020</td>
<td>AEB</td>
<td>£30,548.04</td>
<td>£25,965.83</td>
<td>£4,582.21</td>
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<tr>
<td>SEP Educational Services</td>
<td>10045538</td>
<td>01/08/19</td>
<td>27/03/2020</td>
<td>Apprenticeships</td>
<td>N/A – Vendor qualification</td>
<td>£14,300</td>
<td>N/A</td>
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</tbody>
</table>
Board Member Approval

Name: Denise Ellison  Title: CEO  Signature: Denise Ellison  Date: 17/7/2020