

SUPPLY-CHAIN FEES and CHARGES POLICY

1. INTRODUCTION

- 1.1 The College seeks to offer the widest range of suitable learning opportunities to its learners as need and demand requires. Subcontracting allows it to widen the range of opportunities offered in terms of subjects and geographical area to meet these demands.
- 1.2 The College must have a Supply-Chain Fees and Charges Policy to comply with the requirements of funding bodies, in particular the Education and Skills Funding Agency.

2 STATUS OF THE POLICY

- 2.1 This policy does not form part of the College's formal contract of employment, but it is a condition of employment that employees abide by the rules and policies made by the College from time to time. Any failures to follow the policy could, therefore, result in disciplinary proceedings.
- 2.2 Any member of staff who considers that the policy has not been followed should raise the matter with the designated member of staff.

3 DISTRIBUTING INCOME BETWEEN THE COLLEGE AND ITS SUBCONTRACTORS

3.1 Reasons for subcontracting

The College subcontracts its provision to supply the best teaching and learning experiences for its students. This may include:

- Subcontracting to a provider which has the resources to deliver a better learning experience for students e.g. in a curriculum area not as well supported by the College's direct provision or where delivery is widespread and College systems do not support that style of delivery.
- Sharing of good practice, e.g. where the subcontractor can improve the quality of its delivery through working with the College, or vice versa.
- Subcontracting provision which is not suitable for delivery in the College environment e.g. NEET (Not in Employment, Education or Training) and long-term unemployed students who, for a variety of reasons, are not ready to take up a place in a traditional college and will respond better to learning in a different environment.

- Subcontracting outreach provision to organisations that are better placed than the College to respond to local needs.
- Subcontracting specialist provision to specialist providers where a need for that provision has been identified.

3.2 The policy's contribution to improving College and subcontractor quality of teaching and learning

Riverside College Halton is continuously seeking to improve the quality of teaching and learning for all its learners, whether delivery is direct or subcontracted.

Section 3.1 above comprehensively explains how the College uses subcontracting to (a) provide the best learning and teaching experience to its students, and (b) share good practice between the College and its subcontractors.

3.3 The typical percentage range of fees retained to manage subcontractors and how this range is calculated

Subcontractors are normally paid a percentage of the funding generated by the College from the funding agency (e.g. Education and Skills Funding Agency). The amount of funding proposed to be retained by the College will be calculated using the following criteria as a guide.

% Retained		Service Provided by the College
1	15%	Standard - 1.1 Due diligence process 1.2 Drafting the contract 1.3 Negotiations on agreement of the contract 1.4 Costing of the provision 1.5 Standard quality monitoring 1.6 Monitoring visits (announced and un-announced) 1.7 Contract reviews 1.8 Data collection and recording 1.9 Monthly processing of subcontractor data for payment purposes 1.10 Issuing of invoice requests 1.11 Payment processing.
2	up to 5%	Subcontractor's first subcontracting relationship with RCH. Additional support will be required for familiarisation with the College's administrative procedures, together with additional monitoring visits and contract reviews.
3	up to 5%	Subcontractor has not delivered this curriculum or under this funding methodology before. Support for familiarisation with the curriculum and funding methodology. Otherwise the same as 2 above. It is not anticipated that both criteria 2 and 3 would apply.

4	up to 5%	High Risk Courses. 4.1 Distance learning 4.2 Workplace Delivery 4.3 Programmes to address the NEET (Not in Education, Employment or Training) agenda - where the existence and eligibility of the candidates is more difficult to establish and where additional auditing is required.
5	up to 5%	Programmes with multiple learning aims and/or highly bureaucratic evidencing needs. This is to allow for the complex evidencing needs, monitoring of completions and for audit requirements of apprenticeship/other programmes with multiple learning aims.
6.	Variable	Additional costs to the College. Subcontractors are expected to cover all the costs of delivery and assessment themselves, within the value of the contract. Where the College supports the delivery and assessment directly (e.g. by registering the candidates with exam bodies, other assessment and verification duties, support for learning delivery), these costs will be withheld from the subcontractor.

3.4 Payment and Reconciliation

3.4.1 Payments will only be made to the sub-contractor once Riverside College has received the funding from the Funding Agency.

3.4.2 Riverside College will calculate the amount payable to the sub-contractor each month as follows:

☑ Following validation of the evidence in the ILR return, the College will make the appropriate payment to the subcontractor based on the level of income received from the Funding Agency in that month multiplied by the percentage agreed in the contract.

☑ The subcontractor will be notified of the payment and will invoice the College for that amount.

☑ The College will make payment to the subcontractor within 30 days of receiving a valid claim for payment.

☑ Any anomalies that arise following payment will be subject to reconciliation at a later invoice date.

☑ A The only exception to this will be payments due at the end of a contract where up to 20% of the total funding may be held back by the College until all documentation and completion evidence required by the College has been received

3.4.3 The contract will be agreed as a fixed rate for the delivery of individual learning aims which will be calculated to lie within the appropriate range of fees determined by the criteria in table 3.3 above.

4 SUPPORT TO BE RECEIVED BY SUBCONTRACTORS IN RETURN FOR THE FEE CHARGED

See table in 3.3 above.

5 REASONS FOR ANY DIFFERENCES IN FEES CHARGED FOR OR SUPPORT PROVIDED TO DIFFERENT SUBCONTRACTORS

The table above provides guidance as to why there may be differences in fees charged and support provided to different subcontractors.

6 PAYMENT TERMS – TIMING OF PAYMENTS IN RELATION TO DELIVERING PROVISION AND TIMESCALE FOR PAYING INVOICES AND CLAIMS FOR FUNDING RECEIVED

Normally subcontractors are paid monthly in arrears for the delivery of provision subcontracted to them. Payment is spread over the length of the planned delivery contract, but may be extended where delivery continues past the end of the planned contract period if necessary to ensure the best outcome for the learners. Payment for achievements is held back until auditable proof of achievement is received by the College in line with the funding rules of the funding body.

The College will normally issue an invoice request within 10 working days of the end of the month for which payment is due. College policy on payment of invoices is to pay at the end of the month when the payment is due.

Payment may be delayed or withheld where there are reasonable grounds for concern over the quality of the provision contracted for delivery or due to questions regarding the subcontractor's adherence to the conditions of the contract.

7 COMMUNICATION

The policy will be held on the College intranet and referred to in the contract. A copy is provided to potential subcontractors during contract negotiations.

8 POLICY REVIEW

Written By:	Authorised by:	Date:	Review Date:	Approval by:
Head of Information Services and Funding	Deputy Principal Finance and Resources	November 2017	November 2018	Board on recommendation of Finance & General Purposes Committee

9 PUBLICATION

Audience:	Published:
Staff	Staff Intranet

**A COMMON ACCORD
IN THE WORKING OF SUPPLY CHAINS IN THE
POST-16 LEARNING AND SKILLS SECTOR**

*The scope of the Common Accord is supply chain activity using funds supplied by the Skills
Funding Agency or any successor organisations.*

**Signatories to this document commit to the following
“Overarching Principle”:**

**Supply chains seek to optimise the impact and effectiveness of
service delivery to the end user.**

*This organisation commits itself to the clauses and principles of the
Common Accord*

Name:

M. Murphy

Signature:

MARY MURPHY

Position:

Principal

Organisation:

Riverside College

Date:

22-08-13

Clauses and principles of the Common Accord

- i. The scope of the Common Accord is supply chain activity using funds supplied by the Skills Funding Agency or any successor organisations.
- ii. Signatories to the Common Accord commit to the “Overarching Principle” that: **“Supply chains seek to optimise the impact and effectiveness of service delivery to the end user.”**
- iii. In line with the overarching principle, signatories will abide by the following:
 - a. **Supply chain management activities should align with the principles of best practice in the skills sector.** *Signatories to the Common Accord agree to be guided by the principles given in the LSIS publication “Supply Chain Management – a good practice guide for the post-16 skills sector” (Nov 2012 and subsequent iterations)*
 - b. **Prime/lead providers in supply chains will at all times undertake fair and transparent procurement activities, conducting robust due diligence procedures on potential subcontractors to ensure compliance with the Common Accord at all levels.** *Signatories agree the importance of ensuring that procurement activities are conducted in a fair and transparent manner to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learner lives.*
 - c. **Funding for learning that is retained by the lead provider must 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.** *Signatories commit that the rates of such retained funding should be commercially viable for both sides, should be negotiated and agreed in a fair and transparent manner, and should relate to the actual services being provided.*
 - d. **Where disputes between supply chain partners cannot be resolved through mutually agreed internal resolution procedures, signatories commit to submission of the dispute to independent outside arbitration or mediation and to abide by its findings.** *Signatories agree that the achievements of supply chains are attained through adherence to both the letter and spirit of contracts or partnerships. Signatories therefore commit that all discussions, communications, negotiations and actions undertaken to build, maintain and develop supply chains will be conducted in good faith in accordance with the Overarching Principle.*
- iv. Signatories to the Common Accord understand and accept that their commitment and adherence to it may be used as criteria or standards by other sector stakeholders, including (but not limited to) funding, representative and professional bodies.