



Sub-contracting Supply Chain Fees and Charges Policy

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Sub-contracting Supply Chain Fees and Charges Policy

1) Introduction

Leeds College of Building's mission is "Inspiring lives and building futures"; both this and the 7 Strategic Aims focus on providing high quality provision and meeting learner and industry demand. The College is required by the Education & Skills Funding Agency (ESFA) to publish its Supply Chain Fees and Charges associated with sub-contracting provision. A sub-contract is one of several forms of agreement(s) issued by Leeds College of Building, who has external funding from, for example, the Education & Skills Funding Agency. The sub-contractor (provider) is paid an agreed proportion of the ESFA funding available. The College upholds the principles of the Common Accord (see Appendix 1) on sub-contracting for the post-16 Learning & Skills Sector.

2) Rationale to support Sub-contracting Activity

- a) It is the College's aim to select the best suppliers to sub-contract with and to form long-standing and productive relationships to support the College's 7 Strategic Aims.
- b) Sub-contracting enables the College to respond effectively to learner and employer demand, providing greater choice for the College's client group.
- c) Sub-contracting provides added value by maximising Government funding to support the learner experience.
- d) The Executive Team approve and manage sub-contractors (supported by the Project Manager and Apprenticeship Contracts Manager), who are of high quality and low risk, thereby ensuring they meet the College strategic aims and enhance the quality of the learner offer. Governors are kept fully informed of overall sub-contracting arrangements.

3) Management Fees

Leeds College of Building is committed to the principle that rates for sub-contracted activity are commercially viable and are negotiated and agreed in a fair and transparent manner. The fees charged (ranging from 15% to 25%) reflect the cost of the procurement process, the support for partners' delivery and quality assurance of the contracted activity. In such instances where, for example, elements of the framework or new standard delivery / assessment are split across various providers, or an End Point Assessment is required, a fixed rate for the delivery is agreed and contracted.

Sub-contractors working with Leeds College of Building receive a high level of support and guidance, including access to the following College systems:

- Quality management systems
- Certification and registration with awarding bodies if required
- Management Information Services and data information control / advice
- Audit of management systems and delivery and observation of teaching, learning and assessment
- Safeguarding of Young People and Vulnerable Adults information and Prevent compliance
- Teaching, Learning and Assessment advice and guidance
- CPD opportunities and planned training and development with Leeds College of Building staff
- Sharing best practice
- Support with Funding Rules compliance
- Eligibility checks of learners.

Not all sub-contractors are charged the same fee. Differences in fees are dependent upon the level of support required, the experience of the sub-contractor, their target learners, their track record, published pass and achievement rates and the level of risk. This is determined by the due diligence process and Leeds College of Building's quality assurance monitoring outcomes.

This Policy will be communicated at the initial set up meeting with any potential sub-contractor, including where it is published (College Website) and the percentage fee agreed (and / or fixed rate where more than one sub-contractor may be involved), normally at the initial meeting and/or at the latest prior to any start of learners on programme.

4) Payment Arrangements

Payments will only be made to the sub-contractor once the College has received the funding from the Education & Skills Funding Agency.

All start payments are subject to a minimum stay of 6 weeks. No payments will be made until after the minimum stay period has been completed. Leeds College of Building will collect, where appropriate, any employer contributions, eg from non-levy paying organisations.

The College will calculate the amount payable to the sub-contractor each month (except where fixed rates are agreed) as follows:

Following validation of the evidence in the ILR return, the College will make the appropriate payment to the sub-contractor based on the level of income received from the ESFA in that month multiplied by the percentage agreed (and / or agreed rate specified in the contract). The sub-contractor will be notified of the payment and will invoice the College for that amount. The College will normally pay the sub-contractor within 30 days of receipt of the invoice. Any anomalies that arise following payment will be subject to reconciliation at a later invoice date. Full details are appended to each agreement.

5) Selection of Sub-contracting Providers

Providers, based on learner / employer demand will be selected through one of three possible routes:

- A: Open (to all providers)
- B: Selective (open only to preferred providers; may be subject to EU regulations)
- C: Approach (response to providers who have approached / requested sub-contract; may be subject to EU regulations).
- D: Where provision is transferred to the College from another managing agency, the College will consider continuation with sub-contractors, provided high quality education and training is being delivered, and due diligence thresholds are met.
- E: Where employer indicates preference of provider in their local area and provided LCB quality thresholds are met.

6) Due Diligence of Sub-contracted Providers

Before any agreement or learning takes place, the College will ensure that full due diligence takes place of the provider. Providers must successfully complete the contents of requested due diligence checklist. It is a requirement that providers will be on the ESFA's Register of Training Organisations (RTO) if they hold contracts with an overall value of £100,000 or above per academic year with one or more directly funded providers. Sub-contractors delivering Apprenticeship provision need to be on the ESFA's Register of Apprenticeship Providers (RoATP). In addition, providers must hold the Matrix Standard for Information, Advice and Guidance. The Deputy Principal and Executive Director of Finance & Resources will make the final decision on whether the due diligence is correct / satisfactory and meets College standards. The Executive Team will approve sub-contracting providers and Governors approve budgets including sub-contracted figures. Governors will be kept fully informed of overall sub-contracting arrangements that the College is working with and levels of activity.

7) Monitoring

Throughout the year monitoring of the sub-contractor delivery will take place in a number of ways:

- a) The Project Manager responsible for sub-contracted provision will carry out quality assurance visits in line with a planned annual schedule and / or College representatives
- b) Desk top information audit / analysis by the Project Manager / DIS Manager
- c) Completed paperwork for the ILR checked by the Apprenticeship Contracts Manager / DIS Manager as appropriate
- d) The Apprenticeship Contracts Manager, where Apprenticeship provision is sub-contracted, will have full responsibility to ensure documentary compliance to funding guidance / rules
- e) Requested quality assurance documentation from sub-contractor
- f) Communications with learners via telephone as appropriate
- g) Regular communications via email / telephone with sub-contractors.

8) Policy Review

The Policy will be reviewed annually.

**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: I D Billyard

Signature:



Position: Principal

Organisation: Leeds College of Building

Date: August 2018

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.