



# Richmond upon Thames College

Policy Name: Supply Chain and Charges Policy 2021-22

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Policy Responsibility: Executive Director Business Development and Innovation

Approved By: Finance and Resources Committee/Board

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## 1. SCOPE

This policy applies to all subcontracting activity supported with funds supplied by the Greater London Authority (GLA) and/or the Education and Skills Funding Agency (ESFA), or any successor organisations. Where a partnership or collaboration is formed, these arrangements should not be confused with subcontracting and they do not fall within the scope of this policy.

## 2. CONTEXT

This policy is in place to outline our reasons for subcontracting, the measures in place to monitor the quality of our subcontractors, and our retention of funds and charges. The content of this policy has been developed in line with the GLA and the ESFA Funding and Performance Management rules.

A copy of the GLA funding rules for 2021-22 can be found at

[https://www.london.gov.uk/sites/default/files/final\\_draft\\_aeb\\_grant\\_funding\\_rules\\_2021-22.pdf](https://www.london.gov.uk/sites/default/files/final_draft_aeb_grant_funding_rules_2021-22.pdf)

A copy of the ESFA funding rules for 2021-22 can be found at <https://www.gov.uk/guidance/adult-education-budget-aeb-funding-rules-2021-to-2022>

Richmond upon Thames College is responsible for the actions of our delivery subcontractors connected to, or arising out of, the delivery of the services which we subcontract for.

## 3. INTRODUCTION

The purpose of the Supply Chain Fees & Charges Policy is to ensure transparency and accountability in terms of supply chain activity in line with the mandatory requirements of funding. It sets out the College's rationale for working within sub-contractor ("Partnership") arrangements and the approach taken to determine the fees and charges expected within such work. This applies to its funded provision through the Education and Skills Funding Agency and the Greater London Authority. The College will at all times undertake fair and transparent procurement activities, conducting robust due diligence procedures on potential delivery partners to ensure compliance with this policy at all levels and to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learner lives.

The College's aim is to maintain a range of partnerships which allows it to access learners that it would not be able to reach under normal circumstances, for instance through geography, course aim or channel.

The funding that is retained by the College will 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. The rates of such retained funding will be commercially viable for both sides and will be negotiated and agreed in a fair and transparent manner.

Where disputes between supply chain delivery partners cannot be resolved through mutually agreed internal resolution procedures, the College will commit to submission of the dispute to independent outside arbitration or mediation and abide by its findings. Contract documents will require both parties to agree that the achievements of supply chains are attained through adherence to both the letter and spirit of contracts or partnerships. Both parties therefore commit that all discussions, communications, negotiations and actions undertaken to build, maintain and develop supply chains will be conducted in good faith and seek to optimise the impact and effectiveness of service delivery to learners.

The policy is informed by relevant funding guidance issues by the Education & Skills Funding Agency (ESFA) and the Greater London Authority (GLA)

#### 4. AIMS AND OBJECTIVES

This policy relates only to provision, which is sub-contracted, which is the sub-contracting of the delivery of AEB programmes, by the College to a third-party Partner.

Subcontracting enables us to:

- engage with hard-to-reach learners via partnerships with appropriate community organisations
- provide a wide range of expertise to meet the skills and learning needs of adults and employers within South London.
- enable community-based organisations to develop the capacity necessary to provide learning programmes to meet the needs of their clients.

For the purposes of this Policy the following definitions shall apply:

- “The College” shall mean Richmond Upon Thames College
- “The Sub-contractor” / “The Partner” shall mean any legal entity that the College sub-contracts its provision to.
- “The Learner” shall mean anyone undertaking a learning programme that is delivered by a partner through a sub-contract with the College.
- “The Parties” shall mean the College and the Sub-contractor.

#### 5. PUBLICATION OF INFORMATION

In compliance with ESFA and the GLA the College will publish its fees and charges policy on its website before the start of each academic year. The College will return data on the level of funding paid and retained for each of its delivery partners in 2021-22 to the GLA/ESFA as and when required. This will only relate to ‘provision subcontracting’ i.e. subcontracted delivery of full programmes. The College will ensure all actual and potential delivery partners have sight of this policy and any other relevant documents, copies will be passed to existing delivery partner at the start of each academic year, and to new delivery partners at the commencement of discussions between our organisations.

#### 6. RESPONSIBILITIES

- The Corporation is responsible for
  - Approving the Supply Chain Fees and Charges Policy on an annual basis.
  - Reviewing the contractual position between the Parties on an annual basis.
- The Audit Committee is responsible for
  - reviewing and ensuring assurance and compliance in the Colleges system of internal control which includes the systems and processes in Partnership provision.

- Senior leadership Team is responsible for:
  - The Executive Director Business Development and Innovation is responsible for writing and reviewing the Supply Chain Fees and Charges Policy.
  - Reviewing the Supply Chain Fees and Charges Policy and recommending it to the Corporation
  - Reviewing the volume, funding, costs and risks attached to partnership provision.
  - Managing the College’s Partners and partnership provision, including support for quality.
  - Reviewing and forecasting the levels of funding and costs per Partner
  - Liaising with the College solicitors to review and implement the partner contract on an annual basis.
  - Maintaining a due diligence review of Partners which informs the decision to sub-contract and the exposure/risk per Partner
  
- MIS department is responsible for:
  - Making monthly ILR claims for starts, on programme payments and completions.
  - Claiming all Apprenticeship framework/standard completions.
  - Providing funding calculations relating to each delivery partner.
  - Providing termly ILR data to share with delivery partners.
  
- The College Finance Team is responsible for:
  - Agreeing a payment timetable for Partners based on the fortnightly College payment runs
  - Making payments to the Sub-contractors accurately and as per the agreed payment timetable and contractor payment terms.

## 7. QUALITY ASSURANCE

Quality assurance the quality of subcontracted provision will be monitored and managed according to the guidance to be found in Sub Contracting Handbook, the GLA and ESFA Funding and Performance Management rules, and the Ofsted Inspection Framework. These documents will be supplied to all subcontractors at the start of the contract. Subcontractors are required to give RuTC sufficient evidence to allow us to assess the subcontractors’ performance against the requirements of the documents listed in the contract.

## 8. PARTNERSHIP WORKING

- The College will at all times undertake a fair and transparent procurement activities, conducting robust due diligence procedures on potential delivery partner/s to ensure compliance with this policy at all levels and to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learner lives.
- The College will partner with a group of select external training organisations to deliver programmes to learners. The College will engage with such organisations primarily to meet the following objectives:
  - To align with College strategy to meet Government priority targets in learner groups and outcomes
  - To broaden the College curriculum offer into new market sectors in line with LEP priorities

- To align with College strategy to engage hard to reach learners who do not follow typical routes into education
- To expand College territory to wider communities both locally and nationally
- To build local and national strategic educational relationships
- To target growth in the development of specific College funding allocations
- To support the meeting of College funding allocations

Such Partner organisations will share the College's educational aspirations in the form of mutual goals and outcomes that benefit the development of learners, employers, the College and the Partner. These relationships will take the form of collaborative partnerships that synchronise with College strategic developments in the long term.

- The College will reduce/ expand its partner base on an annual basis to meet these strategic objectives. The College may work with Partners to deliver programmes funded through ESFA funding stream.

## 9. CONTRIBUTION TO IMPROVING TEACHING AND LEARNING

- The Senior Leadership Team and Head of Quality will focus on the selection, contracting, monitoring, intervention and review of all sub-contracting arrangements in the College.
- The team work closely with sub-contractors to ensure compliance and to work on quality improvement. This could be improvements in academic quality or improvements in administration, organisation or finance.
- The Policy defines the quality management framework and range of associated services that contribute towards the improving of teaching and learning of the provision being sub- contracted, in relation to the fees and payment terms.
- The Policy defines the standard fees charged and the agreed minimum levels of service provided by the College, which shall be set by the College to support improvements in the standards of teaching and learning in this provision.
- The Policy defines the fees charged which will be proportionate to the nature, content, distribution and standard of the sub-contracted delivery in order to enable the College to provide the agreed minimum level of service that shall be set to support the improvement of standards in teaching and learning in this provision.
- The terms within this Policy enable the direct linkage of the fees and payment to the meeting of agreed standards in teaching and learning and learner success which is determined by the College as necessary to promote the continuous improvement of these standards
- This Policy is designed to enable the linkage of the fees to the provision of services by the College which are over and above the agreed minimum level of service but which are deemed as necessary by the College to support continuous improvements in the standards of teaching and learning of the sub-contracted provision.
- This Policy will support the continuing progression of individual learners that are a direct requirement of the payment terms.
- The Policy will define the range of additional services that shall be available from the College in support of the continuous improvement of the provision but which shall be additional to the agreed minimum services provided within the standard fee



## 10. PROVIDING SERVICES AND SUPPORT

The College will undertake a thorough due diligence of the Sub-contractor prior to contracting and shall share the results of this assessment with the Sub-contractor to inform opportunities for development. Throughout the term of the contract, as an agreed minimum standard, the College will provide the following services to the Sub-contractor in relation to the sub-contracted provision:

- Access to dedicated staff team at the College
- Access to existing College expertise, as appropriate
- A contract management service to include the regular monitoring and reporting of progress against financial targets
- Guidance on the application of funding methodologies that relate to the sub-contracted provision
- Guidance on the development and application of an appropriate and robust audit trail
- A performance monitoring service that includes the sampling, reporting and analysis of:
  - Individual standards of delivery and assessment in teaching and learning
  - Observations of the quality of teaching, learning and assessment
  - Learner and where appropriate employer voice
  - Examples and standards of learners' work.
  - Learner attendance and progression
  - Learner retention, achievement and success levels
  - Internal and External moderation and standardisation strategies
  - CPD opportunities and planned training and development
  - Management Information Services and data control advice
  - Regular national updates regarding funding and policy guidance
  - Safeguarding of Young people and Vulnerable adults procedures
  - Guidance and sharing of best practice development to include:
    - Guidance and non-financial support in the development of individual staff
    - Guidance and non-financial support on the development of standards in the delivery of the Learner journey
    - Guidance and non-financial support in the development of quality management processes to include a framework for the application of the self-assessment process.
  - A compliance management service for the collation, verification and processing of evidence in relation to the correct claim of funding.
  - An agreed regular payment of monies due to the Sub-contractor
- Services that are available to the Sub-contractor that are additional to the agreed minimum level of service may include but are not limited to:
  - The provision of a College centre approval facility to include learner registration and certification
  - The provision of Internal Quality Assurance services by College staff
  - The delivery of externally charged staff development
  - The provision of a marketing or learner find service

## 11. CHARGING APPROACH TO PARTNERSHIP WORKING

- The fee charged by the College shall be agreed in the contract between the parties and shall be determined by the following:
  - The Fee structure shall include a standard management fee in support of the delivery of the agreed minimum level of service by the College, which shall be at a standard proportion of the funding earned.
  - The Fee structure will allow the College to be competitive when dealing with Sub-contractors who have provision in highly competitive market areas.
  - The Fee structure shall include the option for the College to reduce or increase the standard management fee in proportion to the nature, content, risk and distribution of the Sub-contracted delivery, which shall be determined by the College.
  - The Fee structure shall enable the College to increase the standard management fee in relation to the failure by the Sub-contractor to hit agreed standards and targets.
  - The Fee structure shall enable the College to provide additional non-specific services that are deemed necessary by the College to support the continuous improvement of standards in the sub-contracted provision that are over and above the agreed minimum level of service.
  - The Fee structure will enable the provider to purchase additional services from the College that are so required by the Sub-contractor and outside of the agreed minimum services.
  - The Fee will be established with individual Sub-contractors with the following guidelines in mind

### The Fees and Charges Risk Factor Table 2020/21

The associated costs are determined by the risk rating given to each delivery partner. Delivery partners are risk rated during a due diligence exercise that is undertaken when contracts commence, and also refreshed each academic year. The College management fee for a low risk delivery partner is 20%, increasing up to 30% for a high-risk provider. This figure represents the total cost that the College incurs in effectively identifying, selecting and managing all co-delivered provision. This includes the minimum amount of QA activity that the College would attach to the lowest possible risk delivery partner. An outline of services provided by the College that are included in this fee is provided in Section 6. The risk band will be determined using the table below.

Risk Band	% To Delivery Partner	% Retained by College
HIGH	70%	30%
MEDIUM	75%	25%
LOW	80%	20%

Further charges to cover additional costs may be added to the base fee to cover the cost to the College of any additional support that the College deems necessary to ensure the quality of teaching and learning and the success rates of any co-delivered provision. Additional cost is determined using a



weighted table of risk factors. The table is available to all actual and potential delivery partners. It is designed to ensure that the cost of any additional support provided to a delivery partner is covered through the funding retained. Additional costs will be recalculated and negotiated each year at contract renewal, giving delivery partners the opportunity to reduce their fees through continuous improvement. This approach will allow the College to focus support where and when it is needed.

## 12. ASSESSING RISK

We use the following standard factors to assess the risk rating of each subcontractor:

- previous experience in the area of delivery.
- evidence of quality of delivery e.g. achievement rates, Ofsted reports
- type of provision to be undertaken.
- contract duration
- n • new subcontractor to RuTC
- feedback from referees about working relationships.
- CVs of staff to be involved in the delivery.
- quality of physical resources.

Each category will be assessed as HIGH, MEDIUM or LOW.

## 13. PAYMENT TERMS

- The College and the Sub-contractor will agree the level of fee charged by the College in relation to the charging approach and fee range in this policy and this shall be set out within the contract between the parties.
- The contract between the parties will further set out the agreed payment terms which shall be against the funding claimed by the College in relation to the sub-contracted delivery and shall include and be no less than:
  - A monthly schedule of payment and final payment reconciliation which shall be in arrears against funding claimed by the College in the contract period and in accordance with the receipt of satisfactory evidence as so deemed by the College and as stipulated in the schedules of the contract.
  - A requirement by the College to advise the Sub-contractor in a timely manner and in accordance with the monthly schedule of the monthly invoice total required.
  - A requirement by the Sub-contractor to invoice the College for the agreed proportion of the funding in accordance with and as notified by the College within the monthly schedule.
  - A requirement for the College to make payment to the Sub-contractor against the monthly invoice and within the payment terms of the College.
  - An option for the College to withhold payment of the monthly invoice where there is a risk to the funding as so identified by the College.
    - The standard payment terms of the College shall be 30 days, although the College will endeavour to make payments within the timescales stated within the Monthly schedule of Payments.

To ensure payment can be made in the correct period, error-free data must be received no later than the dates agreed in schedule of the contract.