

## **SUPPLY-CHAIN FEES and CHARGES POLICY**

This policy statement, which is reviewed annually, details how Riverside College Halton applies funding to its supply chain activity funded by the Education and Skills Funding Agency (ESFA) and devolved AEB funding from the Liverpool City Region Combined Authority (LCRCA).

A list of current partners can be found in Appendix 1 of this policy; the appendix includes (1) payments made in 2020-21 and (2) current contracts.

### **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.

16-19 study programme provision outside the College's normal recruitment area is not usually subcontracted and, if required, will be subject to separate prior approval.

The College will not usually subcontract substantive programmes (e.g. in excess of 450 guided learning hours in one academic year).

Subcontracted provision will be limited to a small percentage of total ESFA and LCRCA income with the aim of working towards it being less than 10% of total ESFA and LCRCA income.

1.2 The College must have a Supply-Chain Fees and Charges Policy to comply with the requirements of funding bodies, in particular the ESFA and the devolved LCRCA. The policy will be published on the College website, accessible to partners and the general public.

1.3 This policy outlines the approach Riverside College Halton will take to its subcontracting. It outlines the fees and charges for organisations subcontracted to work with Riverside College. It is published in line with ESFA and ESFA devolved authority requirements as stated in the following funding rules for 2021 to 2022:

- Apprenticeship funding rules for main providers
- ESFA and LCRCA (and other devolved authority, as appropriate) funded adult education budget (AEB): funding and performance management rules
- Funding guidance for young people

The policy has been updated in light of the updated guidance document "Reforms to subcontracting education for learners over 16" which was published on the GOV.UK website on 13 October 2021 and the April 2022 update to subcontracting rules. Links to the ESFA guidance is provided here:

[Reforms to subcontracting education for learners over 16 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/guidance/reforms-to-subcontracting-education-for-learners-over-16)

[Subcontracting rules for 2022-23 \(Published April 2022\)](#)

The policy will be further updated as new guidance is released.

## 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. RATIONALE FOR SUBCONTRACTING

- 3.1 Riverside College Halton is continuously seeking to improve the quality of teaching and learning for all its learners whether the delivery is direct or subcontracted.
- 3.2 With this in mind, the College subcontracts its provision to supply the best teaching and learning experiences for its students and to extend the reach of its provision to people and communities that would not normally be attracted to traditional college provision.
- 3.3 The College may subcontract

Rationale	Examples
To enhance the opportunities available to young people and adults	Where the learner is not ready to attend in a traditional college environment and is more comfortable in the environment provided by the subcontractor
To fill gaps in niche or expert provision, or provide better access to training facilities	Where the subcontractor and/or the College will benefit from the sharing of good practice. Where the subcontractor has the resources (specialist facilities, specialist delivery) to deliver in a curriculum area not so well supported by the College’s direct provision.
To support better geographical access to learners	Where delivery is widespread and College systems do not support that style of delivery, e.g. <ul style="list-style-type: none"> <li>• distance learning,</li> <li>• community learning where the learner is reluctant to travel far or is not ready for attendance in a traditional college environment and the subcontractor is better placed to respond to local needs.</li> </ul>
To offer an entry point for disadvantaged learners	
To support individuals who share protected characteristics, where there might otherwise be gaps	Subcontracting provision which is not suitable for delivery in the College environment, e.g. to learners not in employment, education or training (NEET) and the long-term unemployed who will respond better to learning in a different environment.

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

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

% retained	Support Provided by the College
15% Standard Fee – quality assurance and oversight, administrative functions, data support.	<ul style="list-style-type: none"> <li>• Due diligence process</li> <li>• Drafting the contract</li> <li>• Negotiations on agreement of the contract</li> <li>• Costing of the provision</li> <li>• Standard quality monitoring</li> <li>• Monitoring visits (announced and un-announced)</li> <li>• Contract reviews</li> <li>• Data collection and recording</li> <li>• Monthly processing of subcontractor data for payment purposes</li> <li>• Issuing of invoice requests</li> <li>• Payment processing.</li> </ul>
Up to 2%	Training Support: Mandatory training; best practice training and support
Up to 3% Support for Learners	Bursaries, Support with Breakfast Club, Support with implementation of Education Health and Care Plans and provision of additional learning support where appropriate.
Up to 5%	Provision of additional quality assurance services including use of college accreditation, internal verification, standardisation, registration/ certification, administration of exams, and exam fees
Up to 5%	<p><i>Subcontractor's first subcontracting relationship with RCH.</i></p> <p>Additional support for familiarisation with the College's administrative procedures, together with additional monitoring visits and contract reviews.</p> <p>Support for familiarisation with the curriculum and funding methodology.</p>
Variable	The above list is not exhaustive. Where additional costs are incurred, the college retains the right to take them into consideration when setting the fees.

#### 5. REASONS FOR ANY DIFFERENCES IN FEES CHARGED 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.**

**PAYMENT AND RECONCILIATION.**

- 6.1 The contract for subcontracting will be agreed as a fixed rate for the delivery of identified individual learning aims which will be calculated to lie within the appropriate range of fees determined by the criteria in the table in section 4 above.
- 6.2 Payments will only be made to the sub-contractor once Riverside College Halton has received the funding from the Funding Agency.

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.

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.

- 6.3 The College will calculate the amount payable to the sub-contractor each month as follows:
- i) **EITHER** (for eligible 16-19 study programmes only) Using attendance evidence supplied in auditable (timed, dated and authorised) attendance recording documents the College will make the appropriate payment to the subcontractor based on fundable guided learning hours in that month multiplied by the percentage agreed in the contract;  
  
**OR** (for all other subcontracted provision) 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 to date in the funding period (usually August 1<sup>st</sup> to July 31<sup>st</sup>) multiplied by the percentage agreed in the contract.
  - ii) The subcontractor will be notified (normally within 10 working days of the end of the month for which payment is due) of the amount of the payment and will invoice the College for that amount.
  - iii) The College will normally make payment to the subcontractor within 30 days of receiving a valid claim (invoice) for payment.
  - iv) Any anomalies or discrepancies that are identified following payment will be subject to reconciliation at a later invoice date.
  - v) The only exception to this will be payments due at the end of a contract where up to 20% of the total contractual payment amount may be held back by the College until all documentation and completion evidence required by the College has been received.

## 7 SUBCONTRACTING CONTINGENCY PLANNING

If, for any reason, either the College or the partner withdraws from the subcontract or the subcontractor fails, the College will endeavor to ensure that there is continuity of provision for the students and that they are able to complete their qualifications. The College will either take over the delivery of the provision directly or through another existing or new subcontracting arrangement or, in some circumstances, make arrangements for the delivery to be transferred to another provider.

This links into the College's Risk Management Plan

## 8 COMMUNICATION

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

## 9 POLICY REVIEW

<b>Prepared By:</b>	<b>Authorised by:</b>	<b>Date:</b>	<b>Review Date:</b>	<b>Approval by:</b>
Head of Systems Development and Funding	Deputy Principal Finance and Resources	June 2022	June 2023	Board on recommendation of Finance & Resources Committee

## 10 PUBLICATION

<b>Audience:</b>	<b>Published:</b>
Public	College Website

## APPENDIX 1

(1) Current Partners (2021 to 2022) showing Subcontractors Payments by funding stream 2021 to 2022. (accurate at 31 October 2022)

Subcontractor Name	Subcontractor UKPRN	Contract Date	Type of Provision	Fees paid to Subcontractor
POWER IN PARTNERSHIP LIMITED	10035468	01.08.2021 TO 31.07.2022	16-19 Study Programmes	£278,613.55
POWER IN PARTNERSHIP LIMITED	10035468	01.08.2021 TO 31.07.2022	19+ AEB	£23,602.51
GENESIS JOBS EDUCATION AND TRAINING LTD	10062265	01.08.2021 TO 31.07.2022	19+ AEB	£37,408.56
LORRAINE MICHAELS trading as CROSBY TRAINING	10027644	01.08.2021 TO 31.07.2022	16-19 Study Programmes	£22,631.89
LORRAINE MICHAELS trading as CROSBY TRAINING	10027644	01.08.2021 TO 31.07.2022	19+ AEB	118,890.88
LORRAINE MICHAELS trading as CROSBY TRAINING	10027644	01.08.2021 TO 31.07.2022	19+ AEB	126,592.86
VIKING SPORTS FOUNDATION LTD	10062808	01.08.21 TO 31.07.22	16-19 Study Programmes	£37,331.32
VIKING SPORTS FOUNDATION LTD	10062808	01.08.22 TO 31.07.22	19+ AEB	£6,000.95

(2) 2022-2023 Contracts (October 2022\*)

Subcontractor Name	Subcontractor UKPRN	Contract Date	Type of Provision	Contract value (subcontractor)
POWER IN PARTNERSHIP LIMITED	10035468	01.08.22 TO 31.07.23	16-19 Study Programmes	£217,500
			19+ AEB (LCRCA funded)	£12,000
			16-19 Traineeships funded as study programmes	£48,750
			19+ Traineeships	£7,500
LORRAINE MICHAELS trading CROSBY TRAINING	10027644	01.08.22 TO 31.07.23	16-19 Study Programmes	£12,450
			19+ AEB (ESFA funded)	£120,500
			19+ AEB (LCRCA funded)	£153,550