

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 2021-22 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 **580** 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 it being less than 5% 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 2022 to 2023 (and any future funding rules that apply to subcontracting):

- 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 following guidance documents:

- Reforms to subcontracting education for learners over 16, updated 21 March 2023
- Subcontracting standard (Subcontracting assurance arrangements for all post-16 providers), July 2021
- Assurance reviews of the subcontracting standard for post-16 providers, August 2022

- Guidance for conducting due diligence checks on subcontractors, September 2021
- Subcontracting funding rules for ESFA funded post-16 funding (excluding apprenticeships), January 2023

There is currently no intention to subcontract apprenticeships.

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. |
| To support better geographical access to learners | 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 offer an entry point for disadvantaged learners | Where delivery is widespread and College systems do not support that style of delivery, e.g. <ul style="list-style-type: none"> • distance learning, • 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. |
| To support increased social value delivered through learning with the voluntary and community sector and opportunities for onward | |

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|---|---|
| progression in learning and skills. | 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. |
| To support individuals who share protected characteristics, where there might otherwise be gaps | |

3.4 How delivery through a Third-Party Provider enhances the quality of the providers LCRCA Adult Education provision.

The college will deliver through a third party where the delivery enhances the quality of its Adult education provision, for example:

- by providing a more inclusive environment for learners who for whatever reason are not confident enough to attend a formal college course, or
- by offering additional skills and/or facilities that the college cannot provide, or
- where the third party has commercial/ industry/ community contacts that provide enhanced employment and progression opportunities for the learner, or
- where the learner is not prepared to travel far and the college has no facility within easy travelling distance of their home, or
- where the learner is more comfortable learning within their own community and the subcontractor is set up to provide this facility within the community

3.5 How delivery through a Third-Party Provider supports the providers long-term strategic objectives (the provider may not deliver through subcontract to meet short-term funding objectives)

The college’s long-term strategic objectives of quality, efficiency and growth are supported by the delivery through third party subcontracting, in particular strategic objectives:

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| <p>3.2 Prioritising the needs of the people of Halton and the Liverpool City Region (LCR).</p> <p>3.4 Working in partnership to engage those who traditionally do not participate in education and training.</p> <p>Riverside College Strategic Plan 2022-23</p> |
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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).

In the case of programmes funded by the LCRCA the funding the college retains in relation to each subcontractor’s delivery will be capped at 20% of the subcontracted earnings unless otherwise agreed in writing by the LCRCA.

In any case 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"> • Due diligence process • Drafting the contract • Negotiations on agreement of the contract • Costing of the provision • Standard quality monitoring • Monitoring visits (announced and un-announced) • Contract reviews • Data collection and recording • Monthly processing of subcontractor data for payment purposes • Issuing of invoice requests • Payment processing. |
| 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 1st to July 31st) 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.

The College has a Subcontracting Contingency Plan which is updated annually or whenever appropriate to address the risk of contract withdrawal or failure.

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

| Prepared By: | Authorised by: | Date: | Review Date: | Approval by: |
|---|--|-----------|--------------|--|
| Head of Systems Development and Funding | Deputy Principal Finance and Resources | June 2023 | June 2024 | Board on recommendation of Finance & Resources Committee |

10 PUBLICATION

| Audience: | Published: |
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| Public | College Website |

APPENDIX 1

(1) Subcontracting Partners (2021 to 2022) showing Subcontractor Payments by funding stream.
(Accurate at 20 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 (ESFA) | £278,613.55 |
| POWER IN PARTNERSHIP LIMITED | 10035468 | 01.08.2021 to 31.07.2022 | 19+ AEB (LCRCA funded) | £15,223.87 |
| POWER IN PARTNERSHIP LIMITED | 10035468 | 01.08.2021 to 31.07.2022 | 19+ AEB (ESFA funded Traineeships) | £8,378.64 |
| GENESIS JOBS EDUCATION AND TRAINING LTD | 10062265 | 01.08.2021 to 31.07.2022 | 19+ AEB (LCRCA funded) | £37,408.56 |
| LORRAINE MICHAELS trading as CROSBY TRAINING | 10027644 | 01.08.2021 to 31.07.2022 | 16-19 Study Programmes (ESFA) | £22,631.89 |
| LORRAINE MICHAELS trading as CROSBY TRAINING | 10027644 | 01.08.2021 to 31.07.2022 | 19+ AEB (LCRCA funded) | £126,592.86 |
| LORRAINE MICHAELS trading as CROSBY TRAINING | 10027644 | 01.08.2021 to 31.07.2022 | 19+ AEB (ESFA funded) | £118,890.88 |
| VIKINGS SPORTS FOUNDATION LTD | 10062808 | 01.08.2021 to 31.07.2022 | 19+ AEB (LCRCA funded) | £6,000.95 |
| VIKINGS SPORTS FOUNDATION LTD | 10062808 | 01.08.2021 to 31.07.2022 | 16-19 Study Programmes (ESFA) | £37,331.32 |

(2) 2022-23 Contracts (at January 2023*)

| Subcontractor Name | Subcontractor UKPRN | Contract Date | Type of Provision | Contract value (subcontractor) |
|--|---------------------|--------------------------|--|--------------------------------|
| POWER IN PARTNERSHIP LIMITED | 10035468 | 01.08.2022 to 31.07.2023 | 16-19 Study Programmes (ESFA) | £217,500.00 |
| | | | 19+ AEB (LCRCA funded) | £12,000.00 |
| | | | 16-19 Traineeships funded as study programmes (ESFA) | £48,750.00 |
| | | | 19+ AEB (ESFA funded Traineeships) | £7,500.00 |
| LORRAINE MICHAELS trading as CROSBY TRAINING | 10027644 | 01.08.2022 to 31.07.2023 | 16-19 Study Programmes (ESFA) | £12,450.00 |
| | | | 19+ AEB (ESFA funded) | £120,500.00 |
| | | | 19+ AEB (LCRCA funded) | £153,550.00 |

* Contracts may be varied from time to time subject to agreement between the parties