

## Supply-chain Fees & Charges Policy – 2016/17

### 1 Scope

This policy applies to all supply-chain (sub-contracted) provision which is supported with funding from the Skills Funding Agency (SFA) and/or Education Funding Agency (EFA).

### 2 Background

This Supply-chain Fees & Charges Policy is a mandatory requirement that Lewisham Southwark College must have in place in order to meet its contractual obligations with the Skills Funding Agency. The production and content of this policy adheres directly to the EFA and SFA Common Funding Rules & Programme Rules 2016/17 and was originally developed using reference to the Common Accord Supply Chain Management – a good practice guide.

### 3 Policy Statement

Lewisham Southwark College is committed to developing and increasing its portfolio of courses to widen participation, deliver to niche markets and engage in both new and emerging markets. This is so the College can meet both local and regional learning and skills needs. In order to achieve this, the College has taken the decision to subcontract, from time to time, some of its provision to partner organisations who can demonstrate high quality delivery. Additionally, only those potential Sub-Contractors whom are considered by both our Governing Body and Executive Team to be of a high quality and low risk will have the potential to enter into a sub-contracted arrangement with the College.

### 4 Subcontracting Processes & Procedures:

#### 4.1 Expression of Interest/Advertising

Lewisham Southwark College will review their advertising arrangements in line with strategic priorities. All interested parties can request information by contacting the College directly.

#### 4.2 Due Diligence

All potential subcontractors will be required to go through a robust and thorough Due Diligence, in order for the College's Subcontracting team to review and assess both the Partner's suitability and any potential risk. This will include the review of the financial robustness of the provider.

All potential Partners will be required to complete and submit a Pre-Qualification Questionnaire (PQQ) along with a detailed list of evidence to support their claims within the PQQ. This forms the initial assessment conducted by the College when considering a potential subcontractor.

If any of the following circumstances apply, we will not enter into a new subcontracting arrangement or increase the value of existing arrangement:

1. If Ofsted has rated the potential subcontractor any lower than Good (Grade 2).

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2. If the potential subcontractor fails to demonstrate or provide high success rates appropriate to the provision.
3. If the potential subcontractor has an above average risk warning from a credit agency.
4. If the potential subcontractor has passed a resolution (or the court has made an order) to wind up or liquidate the company, or administrators have been appointed.
5. The statutory accounts of the potential subcontractor are overdue.

#### **4.3 Contracting Arrangements**

Successful Providers will then be invited to enter negotiations for provision resulting in the issuing of a legally binding contract for a period of 1 year. The contract must clearly detail full terms and conditions and will be signed by both the subcontractor and the Colleges authorised signatories. The College will exercise its rights to monitor the quality of training being provided and visit the named training locations. The contract issued directly reflects the EFA & SFA Common Funding Rules 2016/201. All Subcontractors holding contracts with an aggregate value of £100,000.00 or more are required to be listed on the current UK Register of Training Organisations (UKRTO) held by the SFA and hold a UK Provider Reference Number (UKPRN) and to ensure they maintain this registration by periodically refreshing their information. The College will obtain this information by referring to the latest published List of Declared Sub-Contractors and the UKRTO.

We will not contract for second-level sub-contracting unless exceptional circumstances are presented and considered by our Executive Team and Governing Body. In this situation the College will always seek approval from the funding agency before this application is progressed further.

#### **4.4 Compliance**

Subcontractor's performance will be monitored on a regular and on-going basis. Each provider will be set minimum success rate target(s). Performance monitoring will take the form of the following:

- Contract Review Meetings will be held bi-monthly
- Quality Assurance visits and teaching observations, including at short notice
- Audit checks completed on all essential documentation and paper work linked to enrolment, in learning evidence and achievement
- Face-to-face interviews with staff and learners

#### **4.5 Intervention**

If underperformance is identified, interventions will be put place and the level of intervention will be proportionate to the risk to learner and funding. Failure to provide an acceptable standard of training delivery will result in formal compliance and intervention procedures being implemented and could end with the termination of contract. Termination will adhere to the relevant clauses contained within the issued contract.

Potential issues will be discussed at the earliest opportunity with the Subcontractor, following the identification, and actions plans will be agreed to address concerns

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raised. In turn, the actions plans will then monitored closely. The College will ensure it provides all necessary support to enable the Subcontractor every chance of success.

A 5% tolerance in success rates judged against the target(s) will automatically trigger an intervention.

Payments to partners during an intervention may also be suspended if there is a risk to the funding being attracted to the provision and poses the potential for claw back from the Funding Agency.

#### **4.6 Quality Improvement**

All subcontractors will be required to undertake a self-assessment process in accordance with the Common Inspection Framework and produce and supply a Self-Assessment Report (SAR). This should clearly identify and evaluate all of the courses and/or services contracted to deliver.

Lewisham Southwark College will provide guidance and support to the Subcontractor, including feedback on the inclusion of clear target setting for improvements.

The Subcontractor will be expected to meet Lewisham Southwark College's quality assurance standards with the College being committed to the sharing good practice and possible staff development opportunities.

#### **4.7 Information, Advice and Guidance**

Subcontractors are required to ensure all learners are provided with clear and appropriate information, advice and guidance. This should enable Learners to make informed choices on their selected programmes of learning, thus increasing their chances of success and progression for future learning or employment. All learners engaged under the contract must be made aware of the fact they are enrolled learners with Lewisham Southwark College and in receipt of funding, including reference to any match funding supporting by European Union funding.

#### **4.8 Policies and Procedures**

Subcontractors are required to have all essential policies and procedures in place including:

- Clear safeguarding arrangements
- Health and Safety legislative and regulatory requirements
- Quality Management
- CPD and staff development
- Equality and Diversity

### **5 Fees & Charges**

Provision is subcontracted to Providers for the delivery of full courses, programmes or frameworks – this is known as Provision Subcontracting. Fees and charges set by the Lead Provider (Lewisham Southwark College) are monitored by the SFA to ensure that sufficient funding is being allocated to allow the subcontractor to provide high quality education and training.

The management fee usually ranges from 15% to 25%. The level of support required by a new Subcontractor is considered to be of greater risk and as such will attract a

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higher fee as a result of the increased support need anticipated. Subcontractors with a track record of high quality delivery evidenced by relevant success rates and outcomes are likely to require less support and will receive a lower management fee.

Payments to Subcontractors will usually be made on a monthly basis. This will follow validation of the evidence in the ILR return.

Subcontractors will be issued with a funding report against which an invoice can be raised. Payments are made by BACS.

Lewisham Southwark College expects that the Subcontractors will fully engage in the assessment of accuracy of payments and they therefore have the responsibility to review their monthly funding reports to identify and report to the College any inaccuracies.

The College will publish alongside this policy, fees paid to partners in the last full academic year or make this information available upon request.

## **6. Communication**

This Supply Chain Fees and Charges Policy will be communicated to and discussed with current subcontractors as part of the contract review process. The Policy will also be communicated to potential subcontractors as part of the procurement process. The Supply Chain Fees and Charges Policy is available on the College website.

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