

POL-022

Supply Chain - Fees and Charges

2024/25

Document reference	2524
Issue number	017
Owner	Diana Martin
Department/Area	Partnerships
Date of review	24/06/2024
Date of approval	26/06/2024
Approved by	SLG
Next review date	25/06/2025
Date of EIA if appropriate	24/06/2024
Status (delete as appropriate)	Internal/Public

Scope

This policy applies to supply chain activity supported by funding from the Education and Skills Funding Agency (ESFA), and West Midlands Combined Authority (WMCA) or any successor organisations. As well as guidance from Office for Students (OfS) and Ofsted.

The purpose of this policy is to ensure transparency and accountability in terms of supply chain activity carried out by Dudley College of Technology (the College). The policy is informed by the ESFA Subcontract Standard and all relevant funding guidance issued by the ESFA, Office for Students, WMCA or successor organisations.

The College will always provide training internally where it is able to do so. This means delivering training by someone or an organisation that is under its control. The College recognises the potential risks in subcontracting provision including financial risk and the quality of provision. The College aims to keep subcontracting to a minimum, consistently challenge itself to ensure that subcontracting is in line with its rationale and reduce it where possible.

As of 1st August 2024, the ESFA have introduced a new de-minimis for providers who are not on the published apprenticeship provider and assessment register (APAR) but will deliver less than £100,000 of apprenticeship training and on-programme assessment under contract. This policy will apply to all subcontractors of the College, including those that may fall into this category.

I. Overarching Principles

The College will use its supply chains to optimise the impact and effectiveness of service delivery to the end user. The College will therefore ensure that:

- a) Supply chain management activities comply with the Subcontracting funding rules for ESFA funded post-16 funding for 2024-25 funding year, the West Midlands Combined Authority 2024/25 Skills Programme Funding Rules, WMCA Skills Programmes Supply Chain Funding Rules 24/25 and the Apprenticeship Funding Rules for the 2024-25 funding year, as well as any other Funding Rules applicable to the relevant programme as amended from time to time.
- b) The College will always undertake fair, transparent and competitive 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 will comply with the Public Contracts Regulations 2015 and the Procurement Act 2023 as required by law.
- c) 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. They will be proportionate to the actual services being provided.
- d) 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 the end use in accordance with these Overarching Principles.

- e) Approval, and funding (if required) is sought from the Education and Skills Funding Agency (ESFA) or West Midlands Combined Authority (WMCA) or other relevant funding bodies prior to any subcontracting agreement being signed.

2. Rationale for partnership or subcontracting arrangements

The College's Corporation and Chief Finance Officer must be satisfied that all partnership or subcontracting meets the strategic aims and enhances the quality of our learner offer. We will engage with delivery partners to better meet customer needs.

The College shall only use subcontractors where:

- a. they have staff with the knowledge and skills to successfully manage the contract;
- b. subcontractors have been determined as high quality and low risk to public funds; and
- c. robust procedures are in place to ensure subcontracting does not lead to the inadvertent funding of extremist organisations.
- d. the apprentice is employed until the end-point assessment is completed. The only exception is where the apprentice has been made redundant and we are funding the apprenticeship to completion. Consideration must be given to the potential time needed for any re-sit and/or re-training prior to re-taking the end-point assessment so the apprentice remains employed during this time.

Each subcontracting arrangement will seek to meet as many of the below aims as possible but must meet at least one of the first five:

- enhance the opportunities available to young people and adults
- fill gaps in niche or expert provision, or provide better access to training facilities
- support better geographical access for learners
- offer an entry point for disadvantaged groups.
- consider the impact on, and support individuals who share protected characteristics, and in particular where alternative provision may not be available to them or meet their particular needs
- work with delivery partners to introduce new provision in priority sectors, that add value to the College's existing curriculum offer
- provide access to, or engagement with, a new range of customers
- ensure delivery intention is met where there is a recognised risk in direct provision (e.g. through JCP referrals not being realised)
- support another provider to develop capacity/quality

3. Quality Assurance

The quality of the College's partnership or subcontracted provision will be monitored and managed through the existing College Quality Assurance (QA) processes and procedures, as amended in order to fully encompass all subcontracted activity. We will ensure that high-quality delivery is taking place that meets the requirements of our contracts with the ESFA and WMCA.

This Policy positions this provision as a core part of College activity to enable continuous improvements in the quality of teaching and learning for both the College and its delivery partners. This will be achieved through the sharing of effective practice across the supply chain, for example through the Self-Assessment Report process and joint lesson observation.

4. Publication of information

In compliance with Education & Skills Funding Agency and other agency funding rules that apply, 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 2024-25 to the ESFA/WMCA as and when required.

The College will ensure all actual and potential delivery partners have sight of this policy and any other relevant documents, such as the Fees and Charges Risk Factor Table; copies will be passed to existing delivery partners at the start of each academic year, and to new delivery partners at the commencement of discussions between our organisations.

The Fees and Charges Risk Factor Table outlines the percentage paid to delivery partners falling into each risk band; the band into which each provider falls is based on a range of factors identified to the delivery partners Provider Control Risk Assessment (PCRA) and includes:

- Previous track record
- Success levels, Retention rates, lesson observations
- Type of customers to be engaged
- Type of provision to be undertaken
- Contract duration
- Learner feedback
- Employer feedback
- Quality of documentation
- IQA/EQA Reports
- Relevant Ofsted Inspection reports
- Location
- References
- Payment terms between the College and delivery partners – timing of payments in relation to delivering provision and timescale for paying invoices and claims for funding received.
- The support delivery partners will receive in return for the fees charged.

Risk factors are given a score so that each delivery partner is aware of why they are in a particular band, this process will be used to give delivery partners an incentive to improve and thus reduce the risk band that they fall in. For example, higher risk delivery partners will be allocated less funding but receive more monitoring and support.

5. Communication

This policy will be reviewed annually and updated as required. It will be published on the College website prior to the start of the academic year in which it will be applied. Potential delivery partners will be directed to it as the starting point in any relationship.

6. Delivery Partner Payment Terms for 2024/25

Providers will be paid a month in arrears on or before the last working day of each month using the table below.

Paperwork Submission Cut Off Date	Payment Month	Invoice raised by Provider Cut Off Date	Payment Date (on or before)
23/08/2024	Sep-24	18/09/2024	30/09/2024
20/09/2024	Oct-24	18/10/2024	31/10/2024
16/10/2024	Nov-24	22/11/2024	29/11/2024
20/11/2024	Dec-24	06/12/2024	13/12/2024
*13/12/2024 *Due to Christmas Holidays	Jan-25	20/01/2025	31/01/2025
24/01/2025	Feb-25	17/02/2025	28/02/2025
21/02/2025	Mar-25	17/03/2025	31/03/2025
21/03/2025	Apr-25	21/04/2025	30/04/2025
15/04/2025	May-25	19/05/2025	30/05/2025
19/05/2025	Jun-25	16/06/2025	30/06/2025
16/06/2025	Jul-25	18/07/2025	31/07/2025
18/07/2025	Aug-25	18/08/2025	29/08/2025

Where issues or factors arise internally or externally beyond the College partnership department's control, we reserve the right to vary the date of payment accordingly.

The Fees and Charges Risk Factor Table 2024/25

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 refreshed each academic year. The College management fee for a low-risk delivery partner is 15%, increasing up to 25% 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 Quality Assurance 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 Appendix I. The College aims to work with providers that are rated medium or low risk, however the College reserves the right to work with high-risk providers that bring a specific strategic alignment and charge above the stipulated 25% split if there is a clear rationale for this additional charge (for example, the secondment of staff or if the delivery partner has no proven track record).

The risk band will be determined using the table below.

Risk Band	% To Delivery Partner	% Retained by College
HIGH	75%	25%
MEDIUM	80%	20%
LOW	85%	15%

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.

The College will not contract with any subcontractor that:

- a. does not have the financial ability to deliver the requirements of the subcontract;
- b. is a brand-new company and has not yet submitted their first statutory accounts;
- c. has an above-average risk warning from a credit agency;
- d. has passed a resolution to wind up or liquidate the company, or administrators have been appointed; or
- e. has statutory accounts overdue.

A breakdown of the appropriately applied management fee is included in the Apprentice Training Services Agreement (where applicable), Partnering Agreement, and an example of where this fee would be 20% is shown in Appendix 2 of this policy.

Additional Support for Delivery Partners

The precise additional support given to each delivery partner will be negotiated with that delivery partner, but will be based on a 'risk bank' approach and may include but is not limited to:

- Additional site visits
- Additional lesson observations
- Additional tutor support
- More rigorous verification

Additional charges per learner

The college may also retain funding to cover the cost of any funded activity that it might undertake on behalf of the delivery partner such as:

- Awarding Organisation fees and charges
- Hiring of facilities/equipment within/from the College
- Internal Verification

Monitoring

The College will carry out regular and substantial quality assurance checks with each delivery partner to ensure high quality delivery is taking place that meets the funding rules. This will include a number of spot checks and face-to-face interviews with staff and learners, verification that learners exist and meet the eligibility criteria for funding and involve direct observation of initial guidance, assessment, and delivery of learning programmes, training and/or direct observation of assessment.

The College will also undertake periodic reviews and checks with delivery partners and employers on termly basis to measure and assess that the needs of the employer are being met by the partnership between Dudley College of Technology and its delivery partner; an overview of this work is included in Appendix I. Where the needs of the employer are not being met, an action plan will be put in place and additional supportive measures engaged. In the event of the partner falling short of their contractual obligations (such as a failure to provide suitable evidence as a result of internal or external audit, or over-claiming public funds) an appropriate level of funding will be clawed back in order to safeguard public funds.

Frequency Funding Assurance Audit Visits

The risk band determines the number of planned audits for each delivery partner. This is a minimum and not restrictive, the College may determine additional visits are required through the outcome of these audits.

Risk Band	Announced	Unannounced
HIGH	2	2
MEDIUM	2	1
LOW	1	1

7. Restrictions on Subcontracting

- The College shall refer to or share with the ESFA and/or WMCA any information where required in accordance with the appropriate Subcontracting Funding Rules, using the appropriate forms where specified, and shall not enter into any subcontract until determination has been made by the ESFA and/or WMCA as required.

- The College shall not enter into any agreement for brokerage.
- The College shall only award subcontracts for delivery of ESFA and/or WMCA funded provision to legal entities, Subcontractors who are on the UK Register of Learners and hold a valid UK Provider Reference Number.
- The College shall not engage in second level subcontracting. All subcontractors must have a direct subcontract with the College.
- The College shall enter into contracts with all Subcontractors that include the terms specified in the Apprenticeship Funding Rules (Subcontracting page 78).

APPENDIX I

Dudley College of Technology responsibilities.

I. Business Partnerships department will be responsible for:-

- New contracts and profiles.
- Ensuring all subcontractors have good quality assurance procedures in place.
- Carry out all due diligence processes relating to new subcontractors.
- Carry out all internal audits relating to document control.
- Monitoring financial performance of each delivery partner against minimum levels of performance (MLP) and key performance indicators (KPI's).
- Overall responsibility of ensuring every invoice submitted by delivery partners is accurate against ILR drawdown.
- Agree all Apprenticeship Training Services Agreements (ATSA) with employers and agree employer contribution payment plan (if applicable).
- Set up contracts with relevant End Point Assessment Organisations (where applicable)
- Liaise with employer should instances of non-payment occur.
- Ensuring applicable incentive payments are passed to the employer at key milestones.
- Maintain overarching responsibility to the employer and ensure that the employer's needs, as identified in the ATSA are met.
- Lead on all internal audits relating to each Subcontractor organisation.
- Draw up and agree all contracts, including, where appropriate, secondment agreements and amendments.
- Any changes to terms of existing contracts.
- Agree funding splits that provide value for money.
- Provide each subcontractor with up-to-date funders requirements.
- Obtaining associate paperwork for seconded staff for curriculum inspection.
- Agree line communication for every subcontractor.
- Agree audit dates with every subcontractor and share with each curriculum responsible for audit.
- Provide budget costs relating to expenses incurred – travel subsistence etc.
- Overall responsibility of ensuring every invoice submitted and checked by centre staff are accurate.
- Create a centralised location for all subcontractor files.
- Monitoring early leavers and achievements
- Monitoring other issues as they may arise.
- Monitoring overall performance including success rates are above minimum standards.
- Monitoring finance.
- Agreeing monthly payments.
- Liaison with the ESFA/Ofsted and associated funders
- Ensure all associate paperwork is obtained in a timely manner.
- Lead on any internal or external investigations.
- Responsible for booking exams.
- Ensuring all tutors and assessors are invited to attend CPD events.
- Learner satisfaction checks.
- Learner existence checks.
- Employer satisfaction checks.
- Ensuring correctly completed enrolment paperwork is received and compliant.

- Ensuring that on-programme activities are compliant.
- Ensuring that end-of-programme paperwork is compliant.
- Ensuring that subcontracted staff are trained on Smart Assessor and associated college processes for respective funding stream.

2. MIS will be responsible for:-

- Making monthly claims to for starts on programme payments and completions.
- Responsible for claiming all Apprenticeship completions through following EPA achievement where appropriate.
- Work with EPAO to ensure end point assessments are in place and EPA's are booked in a timely manner.
- Responsible for claiming component completions where appropriate.
- Provide funding calculations relating to each subcontractor.
- Produce termly ILR data to share with other funding subcontractors.
- Generating success data.
- Generate DSAT reports.
- Report all funding errors or issues that arise to the partnership team.
- Responsible for correcting any funding anomalies in the ILR.
- complete the ILR field for the assessment price and end point assessment organisation identifier as soon as the price and end point assessment organisation is agreed with the employer. These fields must not be completed prior to this.

3. Finance will be responsible for:

- Ensuring that employer contribution invoices are sent out in a timely manner as agreed with Partnerships Team.
- Ensuring that Partnerships Team are, in a timely manner, made aware of any non-payment from employers.
- Ensure End Point Assessment Organisations are paid in a timely manner.
- Ensure incentives are paid in a timely manner to employers.
- Inform MIS and Partnerships team when employer contribution payments have been received through internal reporting procedures.

4. Exams will be responsible for: -

- Registering learners through Dudley College of Technology centre with Awarding Organisation where appropriate.
- Claiming individual components where necessary.
- Claiming completions that are registered through the college centre.
- Carry out regular spot checks relating to Functional Skills and Technical Certificate tests or exams.
- Ensure that invigilation is carried in accordance with Awarding Organisation requirements.
- Ensure copies of all learner certificates are copied and retained on document management system.
- Booking relevant exams.

5. Curriculum will be responsible for: -

- Any apprenticeship delivery that the college is delivering.
- Learner interviews conducted by IQA.
- Verification of portfolio evidence.

- Observation of learner activities at subcontractor site.
- Validation of schemes of work and lesson plans.
- Validation of assessment.
- Internal verification – formative and summative.
- Evaluating course reviews.
- Provide assistance and feedback to Subcontractors in completing their SAR that feeds into the college SAR.
- Evaluating learner and employer feedback.
- Supporting subcontractors with any issues identified during internal or external verification / moderation.
- Ofsted Education Inspection Framework (EIF).
- Reporting any significant issues identified during any activity to line manager and Vice Principal or nominee.
- All tutors and assessors deliver good and excellent teaching and learner.

6. Functional Skills (where appropriate) will be responsible for: -

- Learner interviews
- Verification of portfolio evidence
- Observation of teaching and learner activities on site
- Validation of schemes of work and lesson plans.
- Validation and observation of assessment
- Internal verification – formative and summative
- Ensuring that all learners are registered with the awarding body within six weeks of start date.
- Ofsted Education Inspection Framework (EIF).
- Supporting subcontractors with any issues identified during internal or external verification.
- Reporting any significant issues identified during any activity to line manager and Vice Principal or nominee.
- Claiming all Functional Skills achievements through college centre when applicable.

7. Quality and Standards will be responsible for: -

- Carry out a minimum of one lesson observation per Subcontractor per year and provide feedback in a written format. This includes teaching and assessment staff.
- Ensure subcontractors retain a record of lesson observations conducted internally and provide evidence of existing observation processes.
- Providing assistance to delivery partners in completing their Self-Assessment Report (SAR) that feeds into the College SAR.
- Provide a cost for any additional support or additional lesson observations.
- Ofsted Education Inspection Framework (EIF).
- Include Subcontractor staff in any relevant training relating to delivery, assessment, verification, teaching, inspection etc.

8. Human Resources will be responsible for: -

- Ensuring all Disclosure and Barring Service (DBS) checks are completed and any outcome causing concern is shared with the appropriate Subcontractor following discussions and approval from the college Principal.
- Ensure all associate documentation is retained for each subcontractor for the required amount of time.

- Ensuring that all delivery partner staff are included in any relevant safeguarding, Prevent or other applicable training.

9. Additional Learning Support will be responsible for: -

- On receipt of a support referral form a Learning Support Instructor will complete a diagnostic assessment with the learner.
- Once identified support individual maths, and English needs to enable learners to achieve their chosen primary learning goals.
- Individual support programmes will be tailored to each learner's needs.

During audit all College staff will:

- Evaluate objectively, be impartial and inspect without fear or favor.
- Evaluate provision in line with frameworks, national standards, or requirements.
- Base all evaluations on clear and rigorous evidence.
- Have no connection with the provider that could undermine their objectivity.
- Report honestly and clearly, ensuring that judgments are fair and reliable.
- Carry out work with integrity, treating all those they meet with courtesy, respect, and sensitivity.
- Try to minimise the stress on those involved in the audit.
- Act in the best interests and well-being of service users.
- Maintain purposeful and productive dialogue with those being audited, and communicate judgments clearly and fairly.
- Respect the confidentiality of information, particularly about individuals and their work.
- Respond appropriately to reasonable requests.
- Make prompt and appropriate action on any health and safety issues.
- When conducting interviews, internal auditors must explain that, if requested, they will make every effort to protect the origin of the individual's comments when using them to form judgments.
- Internal auditors should also make clear that in some circumstances, it may not be possible to guarantee the interviewee's anonymity. For example, other factors may make it easy to identify which individual has shared particular evidence.
- Internal auditors also have a duty to pass on disclosures that raise safeguarding issues, and/or circumstances where serious misconduct or potential criminal activity is involved.
- Internal auditors should make it clear that it may not be possible to guarantee confidentiality if an interviewee raises an issue that internal auditor is obliged to report.

APPENDIX 2

Details of Partnership

Training delivered by Subcontractor	As detailed under 'Co-delivery'
Percentage split	80% to Delivery Partner 20% Dudley College

Main Provider Oversight of Delivery Partner

College Activity	Proportion of funding retained by college.	Contribution to high quality training	Explanation of how cost is proportionate to subcontracted training
[Quality Monitoring, Quality Assurance and Oversight]	5%	<p>Best practice guidance on teaching, delivery, and development of programme where necessary.</p> <p>Monitoring systems in place and advising on how current systems can be improved upon through industry best practice.</p> <p>Announced and unannounced funding assurance audits that test monitoring systems, and desktop audits that ensure paperwork compliance.</p>	<p>This continues to improve the experience that learners and employers receive through raising standards.</p> <p>Ensures that learners are thoroughly tracked throughout their programme, and do not fall behind target.</p> <p>Ensures high quality delivery is taking place that is value for money and safeguards public funds.</p>
[Delivery Partner Management]	5%	<p>Ensuring staff are included in relevant safeguarding, Prevent, GDPR or any other relevant training, and provide on-going HR support and advice.</p> <p>Regular contract review meetings to discuss performance, potential issues, success stories, on-programme monitoring, emerging changes within the sector.</p> <p>Provide administrative functions such as data returns and identification of any clawback for under</p>	<p>Protecting apprentices by ensuring delivery staff are suitably verified and kept up to date.</p> <p>This safeguards public funds through regular monitoring learner progress and performance of delivery partner and ensures a consistent approach throughout programme.</p> <p>Ensure an accurate funding drawdown from relevant funding agency. Also acts as a check to ensure that learners are correctly enrolled.</p>

		deliver or any other reasons such as those identified through audit.	
[Support costs and administrative functions]	5%	<p>Regular audit and compliance support, ensuring adherence with the Funding Rules through support and guidance to ensure a compliant apprentice programme.</p> <p>Access to college facilities, including Student Services, Student Union, library and remote access to student network and a licence for Office 365.</p>	<p>Information and guidance is regularly passed on to Delivery Partner, enabling them to plan ahead for any changes within the sector that may impact the Apprentice. The delivery partner receives training on any changes to process or procedures.</p> <p>Learners are able to access first class resources contribution to their learning outcome.</p>
[other]	5%	<p>Regular planned on-programme assessments (progress reviews)</p> <p>Working with delivery partner to provide a collaborative approach to the programme. Mandatory training delivered to the subcontractor staff.</p>	<p>To discuss progress to date against the training plan and the immediate next steps required ensuring a quality training programme is being delivered. Working alongside delivery partner to ensure that the learning experience is enhanced and delivery is complimented. Training is mandatory and is delivered by the directly funded provider.</p>

Associated Documents

[Employer and Other Managing Agent Contracts](#)
[Supply Chain Contingency](#)