

Supply Chain - Fees and Charges Policy 2025/26

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Department/Area	Business Partnerships
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SCOPE

This policy governs the supply chain activities supported by funding from the Department for Education (DfE), previously 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 objective of this policy is to ensure transparency and accountability in the supply chain activity carried out by Dudley College of Technology (the College). It is informed by the ESFA Subcontract Standard and all relevant funding guidance issued by the DfE, Office for Students, WMCA or successor organisations.

The College prioritises delivering training internally whenever possible, by either its own staff or an organisation that is under its direct control. Whilst recognising the potential risks associated with subcontracting, including financial risks and concerns about quality of provision, the College aims to minimise its use of subcontracting and will continually assess and challenge itself to ensure that subcontracting is in line with its objectives and reduce its need where feasible.

From 1st August 2024, the de-minimis threshold applies to providers not listed on the published apprenticeship provider and assessment register (APAR) who will deliver apprenticeship training and on-programme assessment under contract for amounts less than £100,000. 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 enhance the impact and effectiveness of service delivery to the end user. To achieve this, the College will ensure:

- a) **Compliance with Relevant Subcontracting Rules:** All supply chain management activities will comply with the applicable subcontracting rules set by the DfE (ESFA, as still applicable), WMCA 2025/26 Skills Programme Funding Rules, WMCA Skills Programmes Supply Chain Funding Rules 25/26 and the Apprenticeship Funding Rules for the 2025/26 funding year, along with any other Funding Rules applicable to the relevant programme as amended from time to time.
- b) **Fair and Transparent Procurement:** The College will always conduct procurement activities that are fair, transparent and competitive. This includes undertaking thorough due diligence on potential delivery partners to ensure compliance with this policy at all levels, ensuring the highest quality of learning delivery is made available, demonstrating value for money and delivering positive outcomes for learners. The College will comply with the Public Contracts Regulations 2015 and the Procurement Act 2023 as required by law.
- c) **Funding:** The funding retained by the College will be based on the costs of the services it provides, including delivery, support, and supply chain management. These services, along with the corresponding levels of retained funding, will be clearly outlined and mutually agreed upon by all parties. The rates of funding retained will be commercially reasonable for both sides and will be negotiated transparently and fairly, ensuring they are proportionate to the services delivered.

Prior to the signing of any subcontracting agreement, approval and, where necessary, funding must be obtained from the DfE and WMCA, or other relevant funding bodies.

- d) **Commitment to Contractual Integrity** Contract documents shall require both parties to acknowledge that the success of supply chains relies on the adherence to both the letter and spirit of contracts or partnerships. Accordingly, both parties commit to conducting all discussions, communications, negotiations and actions related to the building, maintaining and development of supply chains be in good faith and aim to optimise the impact and effectiveness of service delivery to the end user in accordance with these overarching principles.

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. When necessary, the College will work in collaboration with delivery partners to better meet customer needs.

The College will only engage in subcontract arrangements with delivery partners 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 measures are implemented to prevent subcontracting from inadvertently funding extremist organisations.
- d. for apprenticeships, the apprentice must remain employed until the end-point assessment is completed. In cases where the apprentice has been made redundant, the College will fund the completion of the apprenticeship in accordance with the relevant Funding Rules. Sufficient consideration must also be given to the time required for any re-sits or re-training prior to re-taking the end-point assessment, ensuring 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 College will monitor and manage the quality of its partnership and subcontracted provision through its established Quality Assurance (QA) processes and procedures, as amended in order to fully address all subcontracted activities. We will ensure that high-quality delivery is maintained, that meets the requirements of our contracts with the DfE 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 fostered through the sharing of best practices across the supply chain, including through the Self-Assessment Report process and joint lesson observations.

4. Publication of information

In compliance with DfE 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. Additionally, the College will return data on the level of funding paid and retained for each of its delivery partners in 2025/26 to the DfE/WMCA, as required.

The College will ensure all current and prospective delivery partners have access to this policy and other relevant documents, such as the Fees and Charges Risk Factor table. Copies will be distributed to existing delivery partners at the start of each academic year and shared with new delivery partners at the beginning of discussions between the parties.

The Fees and Charges Risk Factor table specifies the percentage paid to delivery partners within each risk band. A provider's placement in a particular risk band is determined through the Provider Control Risk Assessment (PCRA) and is influenced by various factors, including:

- Previous track record
- Success levels, retention rates, lesson observations
- Type of customers to be engaged
- Type of provision to be undertaken
- Contract duration
- Learner and employer feedback
- Quality of documentation
- Internal & External Quality Assurance 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.
- Support provided to delivery partners in return for the fees charged.

Risk factors are assigned scores allowing delivery partners to understand their placement into a specific risk band. For instance, higher risk delivery partners will be placed in a higher banding but benefit from increased monitoring and support. This process will be used to give delivery partners an incentive to improve and thus reducing their risk band.

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 2025/26

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)
22/08/2025	Sep-25	15/09/2025	26/09/2025
15/09/2025	Oct-25	17/10/2025	31/10/2025
17/10/2025	Nov-25	17/11/2025	28/11/2025
17/11/2025	Dec-25	08/12/2025	19/12/2025
*08/12/2025 *Due to Christmas Holidays	Jan-26	16/01/2026	30/01/2026
16/01/2026	Feb-26	16/02/2026	27/02/2026
16/02/2026	Mar-26	13/03/2026	24/03/2026
13/03/2026	Apr-26	13/04/2026	24/04/2026
13/04/2026	May-26	15/05/2026	29/05/2026
15/05/2026	Jun-26	15/06/2026	26/06/2026
26/06/2026	Jul-26	17/07/2026	31/07/2026
17/07/2026	Aug-26	17/08/2026	28/08/2026

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 2025/26

The costs associated with delivery partners are determined based on their risk rating. This rating is established during an initial due diligence exercise when contracts commence and is reviewed annually. The College charges a management fee of 15% for low-risk delivery partners, which can increase up to 25% for a high-risk partner. This fee covers the total cost that the College incurs in effectively managing all co-delivered provision, including the minimum amount of Quality Assurance activities required for the lowest risk delivery partners. Details of the services included in this fee are outlined in Appendix I. While the College aims to work with providers that are rated medium or low risk, the College reserves the right to work with high-risk providers that bring specific strategic benefits. In such cases, the College will seek permission from DfE or WMCA if there is a clear rationale for this

relationship and a reason for the high charge, justified by factors such as 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%

Additional charges may be applied to the base fee to cover the costs of any extra support that the College deems necessary to ensure the quality of teaching and learning and success rates of any co-delivered provision. These additional costs are determined using a weighted table of risk factors which is available to all current 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. These 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 enables the College to focus support where and when it is needed.

The College will not contract with any subcontractor that:

- a. lacks the financial ability to deliver the requirements of the subcontract;
- b. is a new company and has not yet submitted its 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 overdue statutory accounts.

A breakdown of the 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 provided in Appendix 2 of this policy.

Additional Support for Delivery Partners

The specific additional support given to each delivery partner will be negotiated individually, based on a 'risk band' approach and may include but is not limited to:

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

Additional Charges Per Learner

The College may also retain funding to cover the costs of any activities that it might undertake on behalf of the delivery partner such as:

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

Monitoring

The College will carry out regular and thorough quality assurance checks with each delivery partner to ensure high-quality delivery that complies with funding rules. These will include spot checks, face-to-face interviews with staff and learners, verification that learners exist and meet funding eligibility criteria, and direct observation of initial guidance, assessment, and delivery of learning programmes and training.

Additionally, the College will also perform periodic reviews and checks with delivery partners and employers on a termly basis to assess whether partnership between Dudley College of Technology and its delivery partner are meeting the needs of the employer. An overview of this process is included in Appendix I. If the needs of the employer are not being met, an action plan will be implemented, and additional supportive measures engaged. Should the partner fail to meet their contractual obligations (such as failing to provide suitable evidence as a result of internal or external audit, or over-claiming public funds) an appropriate level of funding will be reclaimed to safeguard public funds.

Frequency Funding Assurance Audit Visits

The risk band determines the number of planned audits for each delivery partner. This is not restrictive; the College may decide that 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 will refer to or share any required information with the DfE and/or WMCA in accordance with the appropriate Subcontracting Funding Rules, using the appropriate forms. When required, the College will not enter into any subcontract until determination has been made by the appropriate funding body.
- The College will not enter into any brokerage agreements.
- The College will only award subcontracts for delivery of DfE and/or WMCA funded provision to legal entities and subcontractors who are on the UK Register of Learners and hold a valid UK Provider Reference Number.
- The College will not engage in second level subcontracting. All subcontractors must have a direct subcontract with the College.
- The College will only enter into contracts with delivery providers that incorporate the necessary terms specified in the Apprenticeship Funding Rules regarding subcontracting.
- Apprenticeship subcontracts must be listed on the Apprenticeship Providers and Assessment Register (APAR) as either a main or supporting provider. The College will only contract with subcontractors on the APAR, unless they fall under the £100,000 de

minimis rule. Subcontractors not on the APAR can be used if their total apprenticeship training and assessment value is under £100,000 across all providers between 1st August to 31st July in any academic year.

8. Supply Chain Contingency

In the event that the College needs to withdraw from co-delivery arrangement, the other party needs to withdraw from the subcontract, or the other party goes into liquidation or administration, every effort will be made to ensure the continuation of learning. This will encompass any learners on a co-delivery model that are funded via DfE or WMCA.

If this plan is enacted, the College will strive to fulfil the delivery and assessment to all existing learners covered by the agreement.

The partnerships team will work with college's senior leadership team to support the continuation of learning. This will involve the College directly delivering the remainder of the qualification to affected learners or sourcing an alternative partner to complete delivery.

The DfE will be notified that the agreement held between the College and the other party has concluded, along with the reasons why.

If the College is unable to continue to facilitate the continuation of learning independently, the following procedure will be followed:

1. The DfE/WMCA will be provided with a rationale explaining why the College can no longer facilitate the qualification(s). The funding agency will also be consulted regarding the relocation of learners to a suitable college or training provider.
2. Learners will be informed of the decision and the reasons why facilitation cannot continue. They will also be informed that the College will seek an alternate provision at another college or training provider without any additional costs to the learner.
3. If another college or training provider is engaged to provide continuation of learning, a subcontracted agreement will be put into place if deemed necessary and appropriate to enable the college to continue to support learners.

APPENDIX I

Dudley College of Technology responsibilities.

I. Business Partnerships department will be responsible for:

- Establishing new contracts and profiles.
- Drafting variation agreements and termination letters as appropriate.
- Ensuring all subcontractors have robust quality assurance procedures in place.
- Conducting all due diligence processes relating to new subcontractors.
- Performing all internal audits relating to document control.
- Monitoring and financial performance of each delivery partner against minimum levels of performance (MLP) and key performance indicators (KPI's).
- Ensuring the accuracy of every invoice submitted by delivery partners against ILR drawdown.
- Agreeing the Apprenticeship Training Services Agreements (ATSA) with employers and establishing an employer contribution payment plan (if applicable).
- Setting up contracts with relevant End Point Assessment Organisations (where applicable)
- Liaising with employers in cases of non-payment or delayed payment.
- Maintaining overarching responsibility to the employer and ensure that the employer's needs, as identified in the ATSA, are met.
- Leading on all internal and external audits and relating to each subcontractor organisation.
- Drafting and agreeing all contracts, including, where appropriate, secondment agreements and variation agreements.
- Implementing changes to terms of existing contracts.
- Agreeing on funding splits that provide value for money.
- Providing each subcontractor with up-to-date funding requirements.
- Establishing lines of communication for every subcontractor.
- Agree audit dates with every subcontractor and sharing them staff responsible for audit.
- Providing budget costs relating to expenses incurred, such as travel and subsistence.
- Ensuring the accuracy of every invoice submitted and checked by centre staff.
- Creating a centralised location for all subcontractor files.
- Monitoring early leavers and achievements
- Addressing other issues as they may arise.
- Monitoring overall performance including success rates are above minimum standards.
- Drafting financial reports and monitoring the financial performance of contracts
- Agreeing on monthly payments appropriate to the contract.
- Liaison with the DfE/WMCA, Ofsted and any other associated stakeholders.
- Ensuring all associate paperwork is obtained in a timely manner and kept up to date.
- Leading on any internal or external investigations relating to subcontracted provision.
- Booking exams.
- Ensuring all tutors and assessors are invited to attend CPD events.
- Conducting satisfaction checks.
- Conducting existence checks.
- Conducting 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 programme payments and completions.
- Responsible for claiming all Apprenticeship completions following EPA achievement where appropriate.
- Working with End Point Assessment Organisations to ensure end point assessments are in place and booked in a timely manner.
- Responsible for claiming component completions where appropriate.
- Providing 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.
- Completing 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 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.
- Informing MIS and Partnerships team when employer contribution payments have been received through internal reporting procedures.

4. Exams will be responsible for:

- Registering learners with Awarding Organisations.
- Claiming individual components where necessary.
- Carry out regular spot checks relating to Functional Skills and 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:

- Overseeing any apprenticeship delivery conducted by the College.
- Conducting interviews conducted by IQA.
- Verifying portfolio evidence.
- Observational learner activities at subcontractor site.
- Validating schemes of work and lesson plans.
- Validating assessments.
- Performing internal verification, both formative and summative.
- Evaluating course reviews.
- Providing assistance and feedback to subcontractors in completing their Self-Assessment Report (SAR), which in turn feeds into the college SAR.
- Evaluating learner and employer feedback.

- Supporting subcontractors with any issues identified during internal or external verification / moderation.
- Adhering to Ofsted's Education Inspection Framework (EIF).
- Reporting any significant issues identified during any activity to Partnerships team with a view that the seriousness would dictate further escalation to Assistant Principal or Vice Principal.
- Ensuring tutors and assessors deliver good and excellent teaching and learning.

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

- Ensuring that all learners are registered with the awarding body within six weeks of start date.
- Delivery of Functional Skills, and progression thereof.
- Adhering to the Ofsted Education Inspection Framework (EIF).
- Claiming all Functional Skills achievements through college centre when applicable.

7. Quality and Standards will be responsible for:

- Conduct at least one lesson observation per subcontractor per year and provide written feedback. This includes teaching and assessment staff.
- Ensure subcontractors retain a record of internally conducted lesson observations conducted and provide evidence of their observation processes.
- Assist 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.
- Adhere to the 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 are discussed with and approved by the college Principal before being shared with appropriate subcontractor
- Retaining all associate documentation for each subcontractor for the required duration.
- Including all delivery partner staff in relevant safeguarding, Prevent or other applicable training.

9. Additional Learning Support will be responsible for:

- Upon receiving a support referral form, a Learning Support Instructor will conduct a diagnostic assessment with the learner.
- Once the support individual needs in maths and English are identified, tailored support will be provided to help learners to achieve their primary learning goals.
- Individual support programmes will be customised to meet each learner's specific needs.

During audit all College staff will:

- Evaluate objectively, be impartial and without bias.
- Assess provision in accordance with frameworks, national standards, or requirements.
- Base all evaluations on clear and rigorous evidence.
- Avoid connections with the provider that could undermine their objectivity.

- Report honestly and clearly, ensuring judgments are fair and reliable.
- Conduct work with integrity, treating all individuals 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 end users.
- Maintain purposeful and productive dialogue with those being audited and communicate judgments clearly and fairly.
- Respect the confidentiality of information, particularly regarding individuals and their work.
- Respond appropriately to reasonable requests.
- Take prompt and appropriate action on any health and safety issues.
- When conducting interviews, internal auditors must explain that they will make every effort to protect the origin of the individual's comments when using them to form judgments, if requested to do so.
- Internal auditors should also clarify that in some circumstances, it may not be possible to guarantee the interviewee's anonymity as other factors may make it easy for those who provided specific evidence.
- Internal auditors also have a duty to pass on disclosures that raise safeguarding issues or involve serious misconduct or potential criminal activity.
- Internal auditors should tell the interviewee that confidentiality may not be guaranteed if an issue arises that the 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.</p> <p>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.</p> <p>Working alongside delivery partner to ensure that the learning experience is enhanced and delivery is complimented.</p> <p>Training is mandatory and is delivered by the directly funded provider.</p>

Associated Documents

- Employer and Other Managing Agents Contracts