

15/16 Westminster Kingsway College - Supply Chain Charges and Fees Policy

1 SCOPE

- 1.1 This policy statement details how Westminster Kingsway College will apply fees and charges to contracts with organisations subcontracted to deliver training on the College's behalf.
- 1.2 This document outlines the College's Supply Chain Charges and Fees Policy.
- 1.3 This policy is published in line with SFA requirements stated in the Funding Rules guidance document.

2 DISCLAIMER

- 2.1 The College reserves the right to amend its subcontracting arrangements at any time in accordance with the terms and conditions contained in its standard contract for subcontracted provision.

3 POLICY DETAILS

3.1 Reasons for Subcontracting

3.1.1 The College engages with sub-contractors to better meet customer needs. Reasons include to:

- deliver niche provision, ensures high quality of teaching and learning thanks to the subcontractors' extensive and focused experience in the specialist areas.
- ensure cost effectiveness of programme delivery on occasions when it may be desirable for the College to run certain programmes but it is not viable for the College to build up in-house resources and expertise.
- contribute towards the sustainability of the College's provision overall, as it helps the College to respond flexibly to changing market demands and emerging opportunities.
- widen the range of progression opportunities for learners, both from Subcontractors' to the College's programmes and vice versa.
- provide good development opportunities for both the College and its Subcontractors, to share good practice and new ways of working. to temporarily expand provision to meet a short term need.
- provide immediate provision whilst expanding direct capacity. This might include working with sub-contractors to explore and learn about new frameworks or sectors prior to investment in resources.
- 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 with the aim of supporting localism and the local skills economy.
- provide niche delivery where the cost of developing direct delivery would be inappropriate.
- support employers with a wide geographic requirement.

3.2. The College's Contribution to Improving the Quality of Teaching and Learning

- 3.2.1 The College ensures that Subcontractors are included in the College's Quality cycle and are guided and supported by the College to follow this process.
- 3.2.2 The College provides training to Subcontractors on completing the Self Assessment Review and the Quality Improvement Plan. Subcontractors then present the completed SAR and QiP in a meeting with the College's senior management. Any actions arising are addressed in cooperation between the College and the Subcontractor.

3.2.3 Subcontractors are expected to hold course centre approvals in their own right and fully liaise with the awarding bodies. However, the College will regularly review External Moderator reports submitted by Subcontractors and monitor any follow-up required.

3.2.4 The College regularly validates the outcomes of Subcontractors' own quality monitoring processes.

3.3. Fees Retained by the College

3.3.1 The management fee retained by the College is calculated as a percentage of the total contract value agreed with the Subcontractor.

3.3.2 The typical percentage range of fees retained by the College to manage Subcontractors is 15-25%, representing the cost of support by the College to the Subcontractor as set out in section 3.4.

3.3.3 The management fee is calculated using risk assessment of the following factors:

- Track record of the Subcontractor with regard to meeting success and funding targets.
- Length and history of previous contract relationship with the College.
- Financial standing of the Subcontractor.
- Anticipated demands of the contract on the College's resources.
- Contract size with regard to both funding and learner numbers.

3.3.4 The management fee is open to negotiation and review by Subcontractors and the final fee is agreed by both parties.

3.4. Support for Subcontractors

3.4.1 In return for the management fee charged by the College, Subcontractors will receive:

- Advice and guidance at pre-contract stage.
- Regular review meetings with progress reports.
- Specialised meetings and workshops as relevant such as SAR presentation or contract planning meeting.
- Regular monitoring visits with detailed feedback identifying good practice and areas for improvement.
- Enrolment and audit compliance training.
- Quality training including preparation for Ofsted inspection; writing of SARs and Quality Improvement Plans
- Ongoing administration support including in-depth checks of evidence submitted and regular feedback on issues identified.
- Input of enrolment documentation submitted.
- Submissions of data to funding organisations.
- Regular financial reports to inform invoicing.
- Ongoing data checks and support to resolve data queries.
- Ongoing support to address any areas for improvement.

3.5. Reason for Differences in Fees Charged

3.5.1 Fees charged to individual providers may differ depending on the calculation of management fee as specified in 3.3.

3.6. Payment Terms Between the College and its Subcontractors

- 3.6.1 Payments to Subcontractors are calculated on a monthly basis, taking into account funding generated to date, the management fee, audit hold back and payments to date.
- 3.6.2 Payment calculations are normally based on actual funding generated for each month, subject to the delivery of agreed services in accordance with the project delivery plan set out in the contract between the College and the Subcontractor. The contract will also include the payment schedule, which will typically be paid in agreed tranches in recognition of the achievement of defined milestones.
- 3.6.3 In exceptional cases, the College may agree with the Subcontractor profile-based payments, with regular reconciliations against actual funding. However, this approach is entirely at the College's discretion.
- 3.6.4 Up to 50% of the College payment will be linked to learner achievement. The College reserves the right to withhold or clawback up to 35% of the total payment due to the Subcontractor if longstop delivery dates are not met. Any payments withheld will be payable to the Subcontractor at the end of the contract year, subject to all evidence having been submitted by the Subcontractor by the agreed longstop date and subject to successful external or internal audit.
- 3.6.5 For any funding to be generated for a given month, Subcontractors are required to submit enrolment and achievement evidence by a certain cut-off date. This is to ensure that the data is processed by the College in time for the monthly ILR return and the subsequent funding calculation.
- 3.6.6 After each month end, the College will send monthly financials to Subcontractors, confirming the invoice amount.
- 3.6.1. Invoices are payable 30 days from the date of issue.
- 3.6.8 Full details of payment arrangements for each individual contract are included in each Subcontractors' contract. These include the detailed schedule for evidence submission and monthly financials deadlines, with specific dates for each month.

3.7. Policy dissemination

- 3.7.1 This policy will be disseminated to current subcontractors via email and a website link.
- 3.7.2 All potential subcontractors will be made aware of the policy as part of the PQQ and tendering process.

3.8. Policy review

- 3.8.1 This policy will be reviewed at least annually and in addition in-year as needed to reflect any changes in SFA funding rules.
- 3.8.2 Any changes to this policy that are required mid-contract will be discussed with Subcontractors.

3.9 Policy publication

- 3.9.1 This policy will be published on the College's external website and also on the College's staff intranet.

Rationale for Management Fee

Our standard management fee applied to subcontracting arrangements is 20% of all funding drawn down against the provision to be delivered. The fee level is based on the direct and indirect costs of effectively managing and monitoring the subcontractor's performance.

The management fees charged range between **15%** and **25%** dependent upon the level of risk assessed and support provided by the college to ensure the quality of teaching, learning and assessment meets the required standards and the contractor complies with all regulatory and contractual requirements.

The standard management fee covers all standard activities undertaken in support of the subcontractor and typically includes:

- Contract set up and support.
- Due diligence and Risk assessment.
- Tracking of Management information.
- Reporting of regulatory and contractual requirements.
- Data processing, validation and submission of data to funding organisations.
- On-going performance monitoring against agreed contract levels.
- Review meetings and progress reports.
- Enrolment and Audit compliance training.
- Quality and monitoring visits with detailed feedback identifying areas of good practice and those for improvement.
- Invoicing and payment procedures.
- Access to additional learner support.
- Safeguarding and Child protection procedures
- Teaching, Learning and assessment support

The above represents the standard process that the College undertakes in effectively identifying, selecting and managing all sub-contracted provision.

To updated in July 2016