



## Supply Chain Fees & Charges Policy

This policy outlines how the United Colleges Group will apply fees and charges to organisations who they subcontract with to deliver education and training provision

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## **POLICY STATEMENT**

### **1. SCOPE**

- 1.1** As a Lead Provider we are committed to detailing and publishing our Supply Chain Fees & Charges Policy for any subcontracted provision. We review and enhance our education and training provision to ensure we are a leading provider of choice.
- 1.2** This policy statement details how the United Colleges Group (UCG) will apply fees and charges to organisations who are subcontracted by UCG to deliver education and training provision.
- 1.3** This document as a minimum covers United Colleges Group Supply Chain Fees and Charges Policy for the 2023/24 academic year.
- 1.4** This Policy will be reviewed on an annual basis. The Policy is then approved for publication by UCG Corporation.
- 1.5** This Policy has been written in accordance with:
  - the Apprenticeship Funding Rules 2021/22 – awaiting publication of 22/23;
  - the Education and Skills Funding Agency Adult education budget (AEB) funding rules 2022 to 2023) (Version 1 April 2022);
  - the GLA AEB Funding and Performance Management Rules 2022-23 (Draft publish March 2022);
  - the Subcontracting funding rules for ESFA funded post-16 funding.

### **2. DISCLAIMER**

United Colleges Group reserves the right to amend its sub-contracting arrangements at any time in accordance with the requirements of the Funding Bodies and the terms and conditions contained in its standard contract for sub-contracted provision.

### **3. RATIONALE FOR SUBCONTRACTING**

- 3.1** United Colleges Group will seek to subcontract with like-minded supply chain partners in niche sectors, to both widen our offer and to fulfil any gaps in geographical coverage to meet the needs of our employers, learners and funders.

We will work with supply chain partners who can complement our existing provision and offer quality driven, industry-recognised qualifications and services to support learners, participants and employers.

In alignment with the ESFA subcontracting funding rules, UCG has commenced a programme of reductions in non-devolved areas to ensure subcontracting is less than 25% of the learners (based on ILR data) for AEB or 16 to 19, including bringing skills in-house, not renewing contracts after their natural conclusion, or reducing contract values for ESFA funded delivery of existing supply chain partners.

UCG's overall strategy for subcontracting, across all of our provision, will continue to meet the requirements of Funding Commissioners', employers and learners throughout England.

### **3.2 EXEMPTIONS TO THE POLICY**

United Colleges Group will also be subcontracting the end-point assessment to End-Point Assessment Organisations (EPAOs). From May 2017, the Apprenticeship Funding and

Performance Management Rules passed responsibility to employers to choose their own Apprentices Assessment Organisation and negotiate the fees. Whilst UCG shall be responsible for payment of the fees, subcontracting to End-Point Assessment Organisations shall, therefore, be exempt from this Policy. Should the employer ask UCG to help with the selection of an End-Point Assessment Organisation, UCG will comply with UCG Financial Regulations to procure the End-Point Assessment Organisation for the employer and negotiate a set fee for the end-point assessment.

#### **4. SELECTION PROCESS**

- 4.1** Organisations must be able to demonstrate that they meet all the requirements of Funding Commissioners' Funding and Performance Management Rules and or be on the Register of Apprenticeship Training Providers.
- 4.2** Organisations must be legal entities. If the legal entity is a registered company, it must be recorded as 'active' on the Companies House database. The organisation must be able to demonstrate that they meet all the requirements of United Colleges Group to fulfil its commitments to quality assurance and financial and legal viability. Potential sub- contractors will be required to tender for opportunities through the UCG procurement process by completing the Invitation to Tender (ITT) and a Partnership Pre-Qualification Questionnaire (PQQ) to enable United Colleges Group to assess the quality of the applicant organisation and be added to the UCG preferred supplier list. This includes a review of financial health, track record of delivering education and training contracts, insurance and liabilities cover confirmation, and a copy of, a range of policy documents including a Disability Policy, Equality, Diversity & Inclusion Policy, Sustainability policy, Health and Safety Policy and Procedures, Complaints Policy and Complaints Procedure, Staff Development Policy, GDPR, Data Protection, Safeguarding Policy and Prevent Policy.
- 4.3** Where an organisation is successful in the tendering and evaluation stage, a full due diligence process and organisational checks, including a visit, will be undertaken before confirming suitability. For 16 – 19 ESFA Funded provision, UCG will need to make a request to the ESFA at least 12 weeks prior to the start of delivery for any new whole programme subcontracted delivery of 16 – 19 funded provision as set out in the ESFA Reforms to subcontracting education for learners over 16 - Published 4 March 2021 and updated in January 2023.
- 4.4** The Chief Financial Officer and the Chief Executive will undertake the final authorisation of all potential sub-contractor proposals and must be satisfied that the proposed contract meets strategic aims and enhances the quality of United Colleges Group offer to learners.
- 4.5** All subcontractors selected will be required to sign a legally binding contract.

#### **5. QUALITY ASSURANCE**

- 5.1** To ensure that all sub-contracted provision is of the highest quality all supply chain partners will be included in United Colleges Group's Quality Assurance Cycle and will be guided and supported by United Colleges Group to follow this process.
- 5.2** United Colleges Group is committed to a policy of continual improvement to the quality of teaching, learning and assessment. In support of this we will require supply chain partners to attend specific training that we offer which sets out to share best practice across our direct

and supply chain delivery.

- 5.3 United Colleges Group will provide opportunities for sub-contractors to share good practice through quality monitoring and audit compliance visits including observations of teaching, learning and assessment and utilising learner and employer feedback.
- 5.4 Sub-contractors are required to hold course centre approvals in their own right and fully liaise with the awarding bodies. Sub-contracted provision may be required to undergo course approval with United Colleges Group. In addition, United Colleges Group will regularly review External Moderator reports submitted by sub-contractors and monitor actions arising from these as required.
- 5.5 United Colleges Group will regularly validate the outcomes of sub-contractor's own quality monitoring processes.
- 5.6 Full details of United Colleges Group requirements are identified in the contract between United Colleges Group and the sub-contractor.

## **6. MANAGEMENT FEE AND CHARGES 2023-2024**

- 6.1 The management fee retained by the United Colleges Group is calculated as a percentage of the total contract value agreed with the sub-contractor, which is reviewed and published on an annual basis. This will include a list of specific costs for managing the subcontractor for quality monitoring activities and any other support activities offered by UCG to the subcontractor that contributes to delivering high quality teaching, learning and assessment.
- 6.2 The management fee for subcontracted work has been set at 20%, and how this retained funding is proportionate to the costs of sub-contractor support and services is detailed in section 7.
- 6.3 Any variations to this management fee are agreed on a contract and case by case basis and will only be undertaken by negotiation and agreement by both parties. Any variation will be authorised by the Chief Financial Officer.

## **7. UNITED COLLEGES GROUP SUPPORT FOR SUBCONTRACTORS**

- 7.1 The 20% management fee charged represents reasonable and proportionate costs associated with United Colleges Group providing regular and on-going performance management, including technical, management information and administrative support for contract delivery from initial starts, on programme, through to achievement. It will specifically include the following services and contributes to ensure high quality learning is delivered by sub-contractors:

Services to Sub-contractors	Funding retained / cost %
<p><b>Performance Management</b></p> <ul style="list-style-type: none"> <li>• Assigned Manager and Co-ordinator to oversee all aspects of contract delivery.</li> <li>• Monthly monitoring of learner achievements and achievement rates.</li> <li>• Review of learner documentation including tracking records, reviews and ILPs.</li> <li>• Contract monitoring visits.</li> <li>• Regular contract review meetings.</li> <li>• Standardisation activities (portfolios/learner reviews/ILPS).</li> <li>• Access to UCG Staff development and training sessions on funding, compliance, quality assurance and all regulatory requirements.</li> </ul>	<b>8%</b>
<p><b>Data Management</b></p> <ul style="list-style-type: none"> <li>• Inputting of all submitted paperwork.</li> <li>• Data checks and support to resolve data queries.</li> <li>• Entry of learner data onto ILR to ensure timely and accurate processing</li> <li>• Submission of data to funding bodies.</li> </ul>	<b>2%</b>
<p><b>Quality Assurance</b></p> <ul style="list-style-type: none"> <li>• Regular and substantial programme of quality assurance checks on delivery.</li> <li>• Visits at short notice, face to face interviews with staff and learners.</li> <li>• In partnership with the sub-contractor, observations of teaching, learning and assessment and sharing of effective practice.</li> <li>• Ongoing support to address areas for improvement.</li> <li>• Support on key quality processes such as self-assessment report (SAR) writing.</li> </ul>	<b>8%</b>
<p><b>Audit and Compliance</b></p> <ul style="list-style-type: none"> <li>• Audits of paperwork, processes and procedures.</li> <li>• Audit of the ILR returns ensuring that they are accurate and complete and for providing assistance on funding and eligibility queries.</li> <li>• Audit visits – announced and unannounced.</li> <li>• Audit of MIS data including enrolment forms and attendance records.</li> </ul>	<b>2%</b>

## 7.2 THE RESPONSIBILITIES OF SUBCONTRACTORS

All learners provided with education and training under a subcontractor engaged by United Colleges Group remain the responsibility of United Colleges Group.

Subcontractors must ensure that they meet all the requirements of United Colleges Group to fulfil its commitments to quality assurance, financial and legal viability and learner success and achievement.

The subcontractor is responsible for:

- Providing all accurate information requested by the College as part of the Tendering and Due Diligence process. The documentation must be updated regularly and/or at United Colleges Group's request for the duration of the contract;
- Informing United Colleges Group of any changes of ownership of the organisation, management structure, loss of centre accreditation and/or direct claim status;

- Ensuring learners are eligible for funding in accordance with ESFA, ESF and GLA Funding Rules;
- Ensuring that their organisation’s systems and processes are robust and appropriate to enable full compliance with the above funding rules;
- Providing United Colleges Group and, if necessary, the Funding Commissioners (or their nominated representatives) reasonable access to their premises and their documentation for the purposes of quality assuring the training delivery falling under the scope of this sub-contract;
- Providing suitably qualified and competent staff for the delivery of the qualifications and training under this sub-contract arrangement. United Colleges Group will require evidence of staff qualifications, experience and DBS check.
- Compliance with all current Data Protection Legislation/GDPR to the extent that it relates to processing of personal data and privacy and all applicable Law about the processing of personal data and privacy;
- In delivering the Provision, the sub-contractor must ensure it actively promotes equality, diversity and inclusion, fundamental British values of democracy, the rule of law, individual liberty, and mutual respect and tolerance of those with different faiths and beliefs, and promote principles that support equality of opportunity for all;
- Informing United Colleges Group if they discover any irregular financial or delivery activity in their organisation including:
  - Non-delivery of training when funds have been paid;
  - Sanctions imposed by an awarding organisation;
  - An inadequate Ofsted grade;
  - Complaints or allegations by learners, staff or other relevant parties;
  - Allegations of fraud.
- Submission of learner enrolments, registers and completion of all documentary evidence in a timely manner and with minimal errors or omissions;
- Learner registration and certification processes for learners;
- Internal and external verification activity;
- Providing details of any accidents or dangerous occurrences affecting learners or the learning environment;
- Providing details of any Safeguarding issues;
- Providing an annual Self-Assessment Report and Quality Improvement Plan;
- Informing and encouraging learners and employers benefitting from this contractual arrangement of the requirement to participate in United Colleges Group Quality Monitoring activities and surveys when required;
- Participate in an OFSTED inspection, or other external quality assurance activity.

Should either party need to withdraw from this contract, the sub-contractor must agree to co-operate fully with United Colleges Group to ensure there is continuity of learning for the learners. All learner details, files, paperwork and or electronic records should be passed to United Colleges Group as soon as possible for the purposes of finding and supporting suitable, high quality alternative provision.

## **8. PAYMENT TERMS**

- 8.1** Payments to sub-contractors are calculated as a percentage of the funding generated by actual activity recorded in United Colleges Group’s Individual Learner Record (ILR) up to the maximum contract value.
- 8.2** Payments are calculated on a monthly basis and are based on actual funding generated, the management fee, any audit hold-back (see 8.4 and 8.5), payments to date and the delivery of agreed services in accordance with the contract.
- 8.3** In exceptional circumstances, for example where there has been a failure relating to systems or processes to enable generation of funds, United Colleges Group may process a payment on account. This payment will be authorised by the Chief Financial Officer.
- 8.4** Where there is any evidence of non-compliance with the conditions of the contract or this policy, or related issues or concerns, United Colleges Group reserves the right to withhold payment until conditions are fully met.
- 8.5** If there are any concerns about impact on the outcome of external or internal audit, United Colleges Group reserves the right to withhold 10% of payments due to the subcontractor as audit hold back. This audit hold back will be paid to the subcontractor at the end of the financial year, subject to submission of all evidence and successful external or internal audit.
- 8.6** For any funding to be generated for a given month, sub-contractors are required to submit enrolment and achievement evidence to ensure that the data is processed by United Colleges Group in time for the monthly ILR return and the subsequent funding calculation. The detailed schedule for evidence submission and monthly financial deadlines, with specific dates for each month is detailed below:

<b>23/24 ILR return dates and sub-contractor submission(s) deadlines</b>			
<b>Period</b>	<b>Sub-contractor paperwork submission deadline</b>	<b>ILR Submission Date</b>	<b>Payments to sub-contractors</b>
R01	16-Aug-23	06-Sept-23	<p>Subcontractor invoices are paid within 30 days of receipt and take up to 3 working days to be credited into the sub-contractor account.</p> <p>The exception to this is the final reconciliation R14, where sub-contractors will be notified of the invoice or credit note value in the following month and processed as soon as authorised.</p>
R02	14-Sep-23	05-Oct-23	
R03	13-Oct-23	06-Nov-23	
R04	15-Nov-23	06-Dec-23	
R05	04-Dec-23	05-Jan-24	
R06	16-Jan-24	06-Feb-24	
R07	14-Feb-24	06-Mar-24	
R08	15-Mar-24	05-Apr-24	
R09	16-April-24	07-May-24	
R10	16-May-24	06-Jun-24	
R11	13-Jun-24	04-Jul-24	
R12	16-Jul-24	06-Aug-24	
R13	16-Aug-24**	16-Sept-24	
R14	16-Sep-24**	17-Oct-24	

\*\* dates subject to change depending on enrolment arrangements and staff resources

## **9. POLICY DISSEMINATION AND REVIEW**

- 9.1** This Supply Chain Fees and Charging Policy will be published before any subcontracting agreements for the 2023 – 2024 funding year. It will be made available to all staff through UCG Intranet and for existing and potential supply chain partners, and other stakeholders, on our website <https://ucg.ac.uk/policies>.
- 9.2** All potential sub-contractors will be made aware of the policy as part of any tendering process.
- 9.3** This policy will be reviewed annually by UCG Leadership Team to ensure it reflects any changes in funding rules and requirements and approved by UCG Corporation.
- 9.4** Any changes to this policy that are required mid-contract will be discussed with the sub- contractors, prior to changes being implemented.

United Colleges Group will obtain an annual report from an external auditor for the delivery of subcontract provision. The report will provide assurance on the arrangements to manage and the control of our delivery sub-contractors and comply with any guidance issued by our Funders. UCG will supply our Funders with a certificate signed by the external auditor and an authorised signatory to confirm that UCG has received a report that provides satisfactory assurance.

United Colleges Group will publish the actual level of funding paid and retained for each Subcontractor annually on United Colleges Group websites. This data will be published within 30 days of the final ILR closing date.