



**MORLEY COLLEGE
LONDON**

**SUPPLY-CHAIN FEES AND CHARGES POLICY
2021-2022**

POLICY OWNER: CHIEF FINANCE OFFICER
APPROVAL: GOVERNING BODY

LAST APPROVAL: 1 November 2021
NEXT REVIEW: 31 December 2022

Policy Aim

This document aims to provide consistency of approach and transparency to the College's supply-chain fees and charges in relation to its subcontracting of provision.

Definition of Terms

Standard Management Fee – this fee is determined by the size of the subcontracted partnership contract (as per Maximum Contract Value figure), and the level of College support provided, and is the fee applied to all such contracts to account for standard costs incurred by the College through its management of these contracts.

Additional Contract Fees – sometimes there will be a need to apply an additional fee to offset direct associated costs incurred by the College in its pursuance of the partnership arrangement. These will be determined on a contract-by-contract basis.

Education and Skills Funding Agency (ESFA) – Government funded agency that supports provision for learners in further education who are aged 16 or over, also including all Apprentices.

European Social Fund (ESF) – European Union's (EU) main financial instrument for supporting employment in the member states of the European Union as well as promoting economic and social cohesion. This funding is associated with bid for projects linked to education and skills provision.

Where additional services are provided that are outside the scope of subcontracting (e.g. on-site accommodation) these arrangements will be governed by separate agreements.

1. Context

This policy is now a mandatory requirement of the ESFA, as stated in the Funding Rules 2021-2022. This policy supersedes all previous versions, where applicable, and is effective for the 2021–2022 academic year.

2. Reasons for subcontracting

The College recognises the need to offer as diverse a range of provision as possible, in as flexible and cost effective a way as possible. By working in partnership with subcontractors, the College is able to do the following:

- Offer niche provision
- Engage with the wider community, thus increasing wider participation

by attracting learners who are unable, or unwilling, to attend provision offered on campus

- Offer flexibility by delivering provision at times and venues convenient to learners and employers
- Be responsive to learner and employer requirements
- Ensure greater cost efficiency
- Engage with new markets
- Achieving growth, where this is consistent with College, local and regional strategic objectives.

3. Selection and Due Diligence

The College is committed to the proper selection and appointment of subcontracting partners. All potential partners will undergo a robust due diligence process reviewing financial, operational and quality aspects prior to appointment.

Where subcontracting partners are proposed to be reappointed for a further period, an annual due diligence process will be undertaken.

4. Improving Quality

The College is committed to continual improvement in teaching and learning, both in its own direct provision and in its subcontracted provision. A range of approaches are employed in order to do this, such as session observations and Self Assessment Reports. In terms of provision subcontracting specifically, the following processes are in place to help monitor quality of provision, and actively improve quality on an on-going basis:

- A robust schedule of Quality Assurance Audits that are carried out throughout the year
- Annual Reviews with target setting
- Regular management meetings between the College and all its subcontractors (with a minimum of one management meeting per term)
- Training and Development workshops (as appropriate)

5. Fees

Standard Management Fee – This fee is applied to all subcontracted contracts, and is the proportion of ESFA/ESF funding retained by the College to cover standard costs incurred through its management of these contracts. These costs include:

- Administration
- Quality assurance
- MIS functions relating to the submission of funding claims to the ESFA and ESF

- Provision of management meetings
- Provision of a dedicated Account Manager
- Provision of professional advice regarding ESFA /ESF funding matters
- Due Diligence support, guidance and checking.

Elements of the Standard Management Fee	All Partners
Partnership Management	5.5%
Partnership Administration	5.5%
Quality Assurance	2.0%
Data Inputting and Management	4.0%
MIS Functions	3.0%
Total Management Fee	20.0%

Additional Contract Fees – In some cases, the College will undertake further, additional functions in terms of managing the subcontracted provision, such as, but not limited to:

- registering learners with awarding organisations
- incurring the cost of examination fees
- incurring the cost of End Point Assessment (EPA) of Apprenticeship Standards
- responsibility for Internal Quality Assurance of provision
- increased Quality Assurance Audits and due diligence processes/monitoring if provision is new or is underperforming (it is acknowledged that new partnerships will require additional monitoring as they will be deemed High Risk provision until the quality of programme delivery and contract management has been evidenced over a minimum 12-month period)
- additional support necessitated due to subcontractors poor performance (in relation to delivery of provision, poor achievement rates or administration processes linked to provision)
- type of provision, for example more resources will be required to manage the administration of apprenticeship programmes than some other types of programmes

In these cases an Additional Contract Fee will be applied to the subcontracted provision as well as the Standard Management Fee. This fee will be agreed with subcontractors prior to the issuing of contracts, and will be reviewed prior to annual re-contracting.

The College will not take part in arrangements involving “second level” subcontracting, where a subcontracting partner proposes to subcontract

delivery to a further partner.

The College will not engage in sub-contracting of Advanced Learner Loan delivery, or any other delivery category not eligible for sub-contracting a set out in the ESFA funding rules.

6. Payment Terms

Payment terms will be dependent upon the type and length of provision subcontracted:

- *Classroom Provision* – for programmes of short duration (12 weeks or less) payment will be split between an **on-programme payment** (made after enrolment forms and attendance registers have been received for the entirety of the funded programme and the College is satisfied that learner eligibility and attendance satisfies ESFA/ESF requirements) and an **achievement payment** (made upon receipt of proof of learner achievement that satisfies ESFA/ESF requirements). For programmes of longer duration overall payment may be further divided to allow for **on-programme payments** to be made mid-programme or at the end of each academic term or at other defined points during the programme; again payment will be based upon the receipt of appropriate attendance registers for specified periods of the programme and learner completion of the minimum qualifying period as stipulated in current funding guidance and associated publications (as per Section 8 of this policy).

Upon receipt of satisfactory evidence the College will pay associated invoices within 30 days of the invoice date. This payment will be made by BACS transfer. However, if any supporting evidence is queried by the College then payment will be withheld until these queries are resolved, and payment will then be made at the earliest possible opportunity.

7. Policy Review

The College will review this policy annually. This review will take place in June of each year, and any policy revisions will be completed and published prior to the October of the next academic year.

8. Communication

Any changes to the policy will be communicated to existing subcontractors at contract management meetings. Furthermore, the College will distribute a copy of this policy to all potential new subcontractors and discuss it with them as part of the College's pre-contracting process.

9. Publication of Policy

An up-to-date copy of this policy will be posted on the College's website. Hard copies of the policy will be made available on request.

10. Related Publications

There are a number of Education & Skills Funding Agency (ESFA) publications that should be referred to in conjunction with this policy that are available at <https://www.gov.uk/government/publications>, some of the key documents are listed below:

Subcontracting funding rules for ESFA funded post-16 funding (excluding apprenticeships) 2021 to 2022

Funding guidance for young people 2021 to 2022 rates and formula
[Education & Skills Funding Agency]

Funding guidance for young people: 2021 to 2022 funding regulations
[Education & Skills Funding Agency]

Funding guidance for young people: 2020 to 2021 sub-contracting controls
[Education & Skills Funding Agency]

Adult education budget (AEB): funding rules 2021 to 2022
[Education & Skills Funding Agency]

Adult education budget (AEB): funding rates and formula 2021 to 2022
[Education & Skills Funding Agency]

Apprenticeship funding and performance management rules 2021 to 2022
[Education & Skills Funding Agency]

[GLA AEB Funding Rates and Formula 2021/22](#)

[GLA AEB SEND Flexibility Application Form](#)

[GLA AEB Grant Funding and Performance Management Rules 2021/22](#)

[GLA AEB Procured Funding and Performance Management Rules 2019/23 v2](#)

11. Signed on behalf of the Board:

Signatory:



Print Name: Dr Andrew Gower

Role: Principal and Chief Executive Officer

Appendices

Policy Appendices	Description
Appendix 1	Subcontracting Business Case Approval
Appendix 2	Subcontractor Due Diligence Check – Stage 1
Appendix 3	Subcontractor Due Diligence Check – Stage 2
Appendix 4	Subcontracting reference request form
Appendix 5	Subcontractor Annual Due Diligence Check
Appendix 6	Reference Standard Contract