

## SUPPLY-CHAIN FEES AND CHARGES POLICY 2024-2025

### 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 provision subcontracting.

### 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 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.

*Cambridgeshire & Peterborough Combined Authority (CPCA)* – is a Mayoral Combined Authority for the Cambridgeshire and Peterborough area. Adult Education Budget (AEB) Further Education funding for learners living in this area comes via the devolved Mayoral Authority with specific funding rules covering the provision.

### 1. Context

This policy is now a mandatory requirement of the ESFA, as stated in the Funding Rules for 2024-2025. This policy supersedes all previous versions, where applicable, and is effective for the 2024-2025 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:

- Enhance the opportunities available to learners
- Fill gaps in niche or expert provision or provide better access to facilities
- Support better geographical access for learners
- Support an entry point for disadvantaged groups
- Support individuals who share protected characteristics, where there might otherwise be gaps.
- 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. 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 Review discussion to be held in the first management meeting of the new academic year 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)

### 4. Fees

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

- Administration
- Quality assurance
- Contract management
- MIS functions relating to the submission of funding claims to the ESFA and CPCA
- Provision of management meetings
- Provision of a dedicated named Account Manager
- Provision of professional advice regarding ESFA / CPCA funding matters
- Due Diligence support, guidance and checking.

The College has determined a 20% standard management fee is necessary to provide high quality and compliant subcontracted provision. A breakdown of these costs is set out in the table below. However, some provision is capped by specific funding rules at a 15% standard management fee as set out in the table below:

Elements of the Standard Management Fee	Prince's Trust Team Programme Provision	CPCA devolved AEB Provision	All other non-devolved ESFA Provision
Partnership Management	5.5%	5.5%	5.5%
Partnership Administration	5.5%	5.5%	5.5%
Quality Assurance	2.0%	2.0%	2.0%
Data Inputting and Management	4.0%	4.0%	4.0%
MIS Functions	3.0%	3.0%	3.0%
<b>Total Management Fee</b>	<b>*15%</b>	<b>**15%</b>	<b>20.0%</b>

*\*Capped as specified in paragraph 183. of the ESFA Funding guidance for young people 2024 to 2025 funding regulations*

*\*\* Capped as specified in paragraph 14.4 of the Cambridgeshire and Peterborough Combined Authority Adult Education Budget (AEB) Funding and Performance Management Rules*

*Additional Contract Fees* – In some cases, the College will undertake further, additional functions in terms of supporting 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 (IQA) of provision
- delivery of some elements of the programme

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.

Following the Apprenticeship Reform in April 2017 the way apprenticeships are funded changed substantially with the introduction of the Apprenticeship Levy and a new model of Co-investment for smaller businesses. The reform firmly puts the employer in a much more influential position regarding the apprenticeship training and the fees to be paid. Accounting for the above and the introduction of End Point Assessments (EPA) with Apprenticeship Standards, employer fees and associated costs will vary between employers and selected Standards. We will apply our Standard Management Fee to the totality of the Subcontractors Partnership Agreement after the EPA costs have been accounted for via a schedule for each cohort of learners from a specific employer.

## 5. 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/CPCA requirements) and an **achievement payment** (made upon receipt of proof of learner achievement that satisfies ESFA/CPCA 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).
- *Apprenticeship Provision* - payment will be split between an **initial payment** (made after submission of enrolment paperwork completed to ESFA requirements and learner completion of the minimum qualifying period as stipulated in current funding guidance and associated publications), followed by monthly **on-programme payments** ( made on the proviso that satisfactorily-completed learner reviews are submitted to the College in a timely manner) and an **achievement payment** (made upon receipt of proof of learner achievement of all elements that satisfies ESFA requirements).

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.

## **5 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 commencement of the next academic year.

## **6 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.

## **7 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.

## **8 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:

Funding guidance for young people 2024 to 2025 rates and formula  
*[Education & Skills Funding Agency]*

Funding guidance for young people: 2024 to 2025 funding regulations  
*[Education & Skills Funding Agency]*

Adult education budget (AEB): funding rules 2024 to 2025  
*[Education & Skills Funding Agency]*

Adult education budget (AEB): funding rates and formula 2024 to 2025  
*[Education & Skills Funding Agency]*

In addition, Cambridgeshire & Peterborough Combined Authority (CPCA) publish specific documents to cover CPCA funded provision that should be referred to in conjunction with this policy that are available at <https://cambridgeshirepeterborough-ca.gov.uk/what-we-deliver/skills/adult-education-budget/>

## 9 Approval

This Policy [ver:1] was approved by the Finance & General Purposes Committee of the Colleges Corporation on 19<sup>th</sup> June 2024 - TBC.