**Darlington Borough Council Learning & Skills Service**

**Supply Chain Fees and Charges Policy**

**Introduction**

This policy details the supply chain fees and charges policy for sub-contracted provision.

**Policy Statement**

Darlington Borough Council’s Learning & Skills Service (the Service) is funded through the Education and Skills Funding Agency (ESFA) and the Tees Valley Combined Authority (TVCA) to provide post-16 learning programmes. The Service delivers a range of learning opportunities, including non-accredited Community Learning, introductory and short programmes, Level 1, 2 and 3 accredited Study Programme and Adult Education Budget provision, Apprenticeships and Traineeships.

The Service is committed to growing and diversifying the range of courses it delivers to widen participation, target and support the most vulnerable, engage in new and emerging markets and meet the regional and local economic development agenda and increasing prosperity. The Service achieves this largely through in-house delivery and on occasion through externally commissioned high-quality provision to meet specific identified need.

Sub-contracting may be used to:

* Increase the variety of learning opportunities in Darlington and the surrounding area;
* Develop opportunities to meet the needs of learners and employers in new and emerging areas of delivery;
* Meet the local and regional economic agenda, especially as expressed by the Tees Valley Combined Authority as the Local Enterprise Partnership (LEP);
* Ensure that standards, quality and value for money are maintained.

Whilst this list is not intended to be exhaustive, these key considerations will be at the heart of any proposal to sub-contract delivery of provision.

**Scope**

This applies to all supply chain activity supported by funds supplied by the ESFA, TVCA or any successor organisations.

This strategy covers two key areas of sub-contracting:

* Provision sub-contracting where there is the delivery of full programmes or frameworks/standards by the sub-contractor
* Service sub-contracting where the delivery of a service as part of the delivery of a programme such as procuring the delivery of part of an Apprenticeship framework/standard or outreach support.

In both instances set out at in the bullet points above, the Service retains full accountability for contract delivery.

**Identifying the need to Sub-Contract**

The need to sub-contract is likely to be determined either as a result of the on-going curriculum planning process, where it may become clear that there are gaps in capacity within the existing structure of the Service that cannot be economically addressed through recruitment or other approaches; as a result of the need to address shortfalls in performance against funding targets or to ensure the utilisation of additional funding that may be allocated by the ESFA or TVCA as part of its allocation review process.

Where existing sub-contractors exist and may have the capacity to undertake the delivery of provision relevant to the needs of the Service and of local people, the Service may request the submission of a business case for the delivery of additional learning opportunities.

If existing subcontract arrangements do not allow for the delivery of appropriate programmes, or if there is a particular niche or geographically specific provision required that an existing sub-contractor cannot fulfil, then the Service will seek to engage new partners for the delivery of provision to meet need.

**Overarching Principle**

The Service is committed to the overarching principle to optimise the impact and effectiveness of service delivery to learners and other clients by:

* Adhering to the principles of the Ofsted Common Inspection Framework
* Aligning processes with the LSIS Supply Chain Management document
* Undertaking fair and transparent procurement activities and conducting robust due diligence procedures
* Relating the management fee to the costs of the services provided

**Identifying Potential Suppliers, Inviting Tender Proposals, Determining Capability and Contracting**

Where existing providers exist within the supply chain, providers will be alerted to opportunities to bid for additional work on the basis of a business case. In all cases, such providers will be asked to complete a standardised questionnaire that will be assessed using pre-determined criteria. This will ensure that all submissions are judged on a level footing against their own particular merits. Providers already in the supply chain will already have passed a Pre-Qualification Questionnaire (PQQ) process and as such will already be deemed to be a suitable partner.

In addition, it may be necessary or desirable to provide opportunities for new entrants to the supply chain, in order to further develop capacity or to address niche areas, as explained above. In such cases, opportunities will be advertised via the DBC website and suppliers will be invited in the first instance to undertake a PQQ through which their suitability as a potential bidder will be assessed. Only if the PQQ is satisfactorily assessed will bidders be invited to take further part in the process.

In all cases, where new or existing providers are seeking to subcontract provision from the Service for the delivery of Agency programmes, a proposal will be required that will set out how the provider intends to delivery against the advertised opportunity. The proposal will vary depending on the size of the contract to be awarded and the nature of work to be undertaken but is likely to cover issues such as:

* The provider’s existing provision and capability;
* The business plan relating to the proposed work;
* The experience of the provider in terms of management and quality assurance;
* The proposed staffing model;
* Timelines for delivery against the contract;
* The provider’s assessment of the social value of the delivery;
* Business continuity plans

In keeping with the 2012 Supply Chain Management guidelines provided by LSIS, the following core components of the contract will be agreed:

* The sub-contractor profile (i.e. the financial profile, based on the allocation profile as notified to the prime contractor by the Agency);
* The sub-contractor’s duties in relation to the contract, including Key Performance Indicators (KPIs);
* The prime contractor’s duties in relation to the contract;
* The services offered by the prime contractor in relation to the management and development of the sub-contracted work;
* The prime contractor management and service charges based on due diligence results;
* The contact volume and value

The contract will be signed by approved representatives of both parties and will be subject to on-going amendment to reflect in-year changes to ESFA or TVCA Funding Rules.

To ensure that the contracts are framed appropriately with the law and within the requirements of the ESFA or TVCA, they will be checked by a legal adviser prior to final approval and signing.

**Performance Management**

Sub-contracted providers will be expected to meet the Service’s quality assurance standards. This Service being committed to supporting, developing and sharing good practice and professional development of staff through CPD training, reviews, operational meetings, observations of teaching, learning and assessment and learner, staff, partner and employer feedback.

The quality of the provision will be monitored and managed through the Service’s existing quality framework with the Self-Assessment Report / Quality Improvement Plan process ensuring continuous improvement.

The following principles guide the quality improvement process:

* It is collaborative with a focus on driving continuous improvement
* It is flexible to meet the needs of a range of learners, employers and communities
* It promotes and open, honest and critical appraisal of learning provision
* It supports the Ofsted and Matrix guiding principles for high quality provision

The Service’s quality assurance is underpinned by a series of set actions and processes throughout the academic year. These include:

* Undertaking annual Self-Assessment Report (SAR) and Quality Improvement Plan (QIP) and receiving progress reports in line with Ofsted and Matrix
* Ensuring that the actions contained within the QIP are implemented
* Reviewing participation, retention and achievement rates, and performance of providers
* Periodically receiving QIP progress reports
* Delivering services in accordance with national policy and strategy
* Monitoring and analysing performance data
* Monitoring progress against external standards e.g. Ofsted Common Inspection Framework, Matrix
* Reviewing the quality and efficacy of all aspects of the learner journey
* Analysis of learner ‘take-up’ and progress
* Impact and destination tracking

In addition to desktop and data-based analysis of performance linked to a provider dialogue, the Service will conduct classroom-based observations of learning, teaching and assessment. The aim of the observation is to be supportive and developmental for tutors and trainers to raise the quality of learning and to maximise outcomes for learners.

Tutors and trainers will be observed at least once a year by the Service’s observation team. New tutors and assessors will be observed within six months of starting work on the Darlington Borough Council Learning & Skills Service contract. All tutors and trainers awarded grade 3 will be given short-term targets and will be re-observed more frequently. For tutors awarded grade 4 there will be an additional observation within three weeks.

A clear set of observation criteria will be shared with all tutors and trainers. These criteria will be updated when appropriate (to reflect improvements and changing Ofsted emphasis) and charged in the interests of openness and integrity.

**Risk Assessment**

Prior to the agreement of the initial contract, any sub-contractor will be subject to a risk assessment that will seek to identify the major threats to the successful delivery of the contract and will therefore inform the approach to performance management which in turn will determine the level of management charge attributable to the contract. This will be discussed and agreed with any subcontractor as part of the process leading up to the agreement of a contract.

It would be anticipated that as a contract matures, continual improvement measures will be delivered that will lessen the risk and therefore reduce the level of performance management activity required. However, it is also possible that for a variety of reasons, such as organisational change or poor performance against a contract, risk could increase; therefore, the level of risk associated with a given sub-contract will be reassessed annually to determine the performance management process (and therefore the management charge) for the following year.

Risk factors may include:

* The duration of the contract;
* The value of the contract;
* The industry types / vocational areas of programme delivery;
* Considerations for health and safety/equal opportunities;
* The nature of outputs required of the sub-contractor;
* Rates of non-completion, drop-out and/or achievement;
* The staff turnover of the subcontractor;
* The sensitivity or political profile of the programme;
* The subcontractor’s track record;
* The degree of innovation required in delivery of programmes;
* The underlying policy agenda;
* The relative importance of the sub-contractor to the prime contractor;
* Publicity and media implications.

Any relevant factors from this list, together with any further relevant factors as apply to a given sub-contract, will be assessed against a standardised method in order to determine the risk banding to be assigned to a given contract.

**Management Fees**

The Service will retain a management fee from all sub-contracted partner organisations within a range of 10% to 20%. The fees charged reflect the cost of the commissioning and procurement process, capacity development, quality support and administration and management of sub-contracts.

The mix, balance and level of support for each sub-contractor will vary depending on the specific needs of the sub-contractor. Darlington Borough Council Learning & Skills Service will ensure that each sub-contractor receives a high level of support and guidance and access to Darlington Borough Council Learning & Skills Service systems and resources, including but not limited to:

* Developing practice in conjunction with funding regulations
* Implementing the Darlington Borough Council Learning & Skills Service quality framework
* Contract and performance monitoring
* Provision of bespoke Information, Advice and Guidance services
* Financial management
* Provider financial audit
* Quality management systems
* Management information services and data control advice
* Audit of management systems and delivery
* Observations of teaching, learning and assessment
* Safeguarding of Young People and Vulnerable Adults procedures
* Health and Safety compliance
* CPD opportunities and planned training and development
* Support with Agency funding rules/regulations interpretation and compliance
* Updates regarding funding and policy guidance
* Equality and diversity support
* Administration of the AGE Grant process
* Administration of 24+ Advanced Learning loans
* Administration of 16-19 Bursary funds
* Celebrating learner achievement

Management fees may vary between sub-contractors subject to the level of support required, experience of the subcontractor, target learners, track record, published success rates and other factors. Funding rates will be determined and agreed with sub-contractors prior to a sub-contract being issued.

**Payment Arrangements**

* Sub-contractors will be paid at a frequency agreed with the Service as part of the contract clarification process and in line with validated data.
* Following validation of the evidence in the ILR/enrolment return, the Service will make the appropriate payment to the sub-contractor based on the level of income earned
* All payments will be triggered via invoice and accompanying validated evidence of delivery. Invoices will contain the provider order number of the associated schedule and payments made by BACS.
* The Service expects the sub-contractors will participate in the assessment of accuracy of payments and review remittance advice to ensure there are no inaccuracies.

**Policy Communication**

The Policy is available on-line at [http://www.darlington.gov.uk/learningandskills](http://www.darlington.gov.uk/Living/learningandskills/learningandskills.htm).

In the spirit of openness and transparency the policy is available in the public domain. The policy will be reviewed at least annually in July of each year. Any changes to the policy will be notified to sub-contractors as part of their regular performance review or via separate correspondence.

**Payments to Sub-Contractors**

No sub-contracting of provision has taken place since 2013/14, when a small amount of ‘service‘ sub-contracting took place. No sub-contracting is planned for 2021/22.

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