

**Supply Chain Fees**

**and Charging**

**Policy**

**2021 2022**

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| **Author:** | **Chief Finance Officer** |
| **Consultation:** | **TCG Audit Committee** |
| **Approval:** | **TCG Board of the Corporation** |
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# **Purpose**

The TCG subcontracts provision to meet the strategic priorities outlined in the Corporate Plan. The TCG aims to ensure high quality teaching and learning as a result of the subcontractors’ extensive and focused experience in specialist areas.

Subcontracting ensures cost effectiveness of programme delivery on occasions when it may be desirable for the TCG to run certain programmes, but it is not viable for the TCG to build up in-house resources and expertise.

Subcontracting contributes towards the sustainability of the TCG provision overall, as it helps the TCG to respond flexibly to changing market demands and emergent opportunities.

Subcontracting widens the range of progression opportunities for students.

Subcontracting provides good development opportunities for both the TCG and its subcontractors to share good practice and new ways of working.

# **Scope**

This Policy Statement details how The Trafford College Group (TCG) will apply fees and charges to contracts with organisations subcontracted to deliver training on the Group’s behalf. This policy is limited to ‘provision subcontracting’ which means the delivery of full programmes or apprenticeships; it does not include subcontracting the delivery of a service as part of the delivery of a programme (for example, buying the delivery of a service as part of an apprenticeship or outreach support).

This document outlines the TCG Supply Chain Fees and Charges Policy for the academic year 2021-2021. This policy is published in-line with Education and Skills Funding Agency (ESFA) requirements stated in the relevant funding rules.

# **Disclaimer**

The Group reserves the right to amend its subcontracting arrangements at any time in accordance with the terms and conditions of the contract for subcontracted provision.

# **Improving the Quality of Teaching and Learning**

The TCG ensures that subcontractors are included in the TCG quality cycle and are guided and supported by the TCG to follow this process. The TCG provides support as necessary to subcontractors in completing the Self-Assessment Review (SAR) and the Quality Improvement Plan (QIP). Subcontractors then discuss the completed SAR and QIP with the TCG Deputy Principal. Any actions arising are addressed in co-operation between the TCG and the subcontractor.

The TCG would normally be the centre approved by the awarding body for qualifications delivered through subcontracted ESFA funded study programmes for young people. Subcontractors delivering ESFA funded adult education budget or apprenticeship provision are expected to hold course centre approvals in their own right and fully liaise with awarding bodies. However, the TCG will regularly review external moderator reports submitted by subcontractors and monitor any follow up required.

The TCG validates the outcomes of subcontractors’ own quality monitoring processes.

# **Support for Subcontractors**

In return for the management fee charged by the TCG, subcontractors will receive:

* + Advice and guidance,
  + Regular meetings to discuss a wide range of issues which would include contract planning, audit feedback, performance monitoring reports etc,
  + Teaching and learning quality updates and training sessions,
  + Regular monitoring visits with detailed feedback identifying good practice and areas for improvement,
  + Enrolment and audit compliance training,
  + SAR support,
  + On-going 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 agencies,
  + On-going data checks and support to resolve data queries,
  + On-going support to address any areas for improvement.

# **Fees and Charges**

* 1. **Fees Retained by The Trafford College Group**

The management fee retained by the TCG is calculated as a percentage of the contract value agreed with the subcontractor.

The typical percentage of fees retained by the TCG to manage subcontractors is 20%.

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

* + - Track record of the subcontractor with regard to meeting achievement and funding targets.
    - Length and history of previous contract relationship with the TCG.
    - Financial standing of the subcontractor.
    - Anticipated demands of the contract on the TCG resources.
    - Contract size regarding both funding and student numbers.

The management fee is open to negotiation and review by subcontractors and the final fee is agreed by both parties. Appendix A includes the actual level of funding passed to subcontractors in 2018-2019 and 2019-2020, plus the proposed arrangements for 2020-21 in accordance with ESFA Funding Rules. This will be updated in due course for any changes to the planned 2002-2021 subcontracting provision and will have the planned arrangements for 2021-2022 added accordingly.

**6.2 Reasons for Differences in Fees Charged**

Fees charged to individual providers will differ depending on the factors outlined in the calculation of management fee as specified above. The percentage retained may also vary where there are additional services provided by the TCG e.g. where the TCG assumes direct responsibility for teaching certain aspects of the students’ programme of study.

# **Payment Terms**

The TCG make payment to sub-contractors in line with the agreed terms of 30 days from the date of the invoice. Payment is subject to the correct evidence and data being provided to the TCG by the agreed deadline. Full details of payment arrangements for delivery partners are included in each individual contract. The TCG reserves the right to withhold payments to the delivery partners in line with terms of the agreed contract. Any amendments will be based on guidance in the current version of the ESFA Funding Rules.

# **Communication**

This Policy will be disseminated to current subcontractors via email and a website link. Potential subcontractors will be supplied with a copy of this Policy as part of our due diligence process.

Each year this Policy will be discussed during contract negotiations. The services that TCG will provide to the subcontractor will be agreed, along with the associated costs, setting out how these costs are reasonable and proportionate to delivery.

This Policy will be reviewed annually and in-year if necessary, to reflect any changes in ESFA funding rules.

This Policy will be published on the TCG external website and on the internal intranet.

# **Data Protection**

During the course of our activities we collect, store and process personal data of our employees and students including those teaching on / enrolled on provision we subcontract from external parties. The TCG is registered with the Information Commissioner’s Office and follows the guidance given by the ICO for the Education Sector.

For ESFA contracts data regarding the actual level of funding paid and retained for each sub-contractor will be published in accordance with funding agency requirements. Publication requirements for other activity will be made in line with contractual terms.

# **Appendix 1: Subcontractor Funding**

**2018-2019 Subcontractor Funding**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **UKPRN** | **Subcontractor** | **Contract Start Date** | **Contract End Date** | **Provision Type** | **Funding Paid by ESFA to College** | **% of Funding Paid to Subcontractor** | **% of Funding Retained by College** | **% of Funding Subcontractor has paid College (services, support)** |
| 10046546 | Carrington Riding Centre | 01/08/2018 | 31/07/2019 | 16-19 Years Full Time | £114,595 | 80% | 20% | 0% |
| 10034535 | Flixton Girls’ School | 01/08/2018 | 31/07/2019 | 16-19 Years Full Time | £323,100 | 80% | 20% | 0% |
| 10021452 | Interactive Business Ltd | 01/08/2018 | 31/07/2019 | 16-19 Years Full Time & Adult Classroom | £267,457 | 80% | 20% | 0% |
| 10053273 | Ken Bate Associates | 01/08/2018 | 31/07/2019 | Adult Classroom | £40,260 | 72.5% | 27.5% | 0% |
| 10008935 | Learning Curve Group | 01/08/2018 | 31/07/2019 | Adult Classroom | £586,587 | 80% | 20% | 0% |

|  |  |
| --- | --- |
| Totals: | £1,331,999 |

**Notes:** Based on students / learning and their funding as at 2018-2019 as at 17-10-2019

**2019-2020 Subcontractor Funding**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **UKPRN** | **Subcontractor** | **Contract Start Date** | **Contract End Date** | **Provision Type** | **Funding Paid by ESFA to College** | **% of Funding Paid to Subcontractor** | **% of Funding Retained by College** | **% of Funding Subcontractor has paid College (services, support)** |
| 10046546 | Carrington Riding Centre | 01/08/2019 | 31/07/2020 | 16-19 Years Full Time | £80,470 | 80% | 20% | 0% |
| 10034535 | Flixton Girls’ School | 01/08/2019 | 31/07/2020 | 16-19 Years Full Time | £367,200 | 80% | 20% | 0% |
| 10067391 | Debut Academy of Performing Arts | 01/08/2019 | 31/07/2020 | 16-19 Years Full Time | £54,880 | 80% | 20% | 0% |
| 10021452 | Interactive Business Ltd | 01/08/2019 | 31/07/2020 | 16-19 Years Full Time & Adult Classroom | £350,200 | 80% | 20% | 0% |
| 10053273 | Ken Bate Associates | 01/08/2019 | 31/07/2020 | Adult Classroom | £97,458 | 72.5% | 27.5% | 0% |
| 10043702 | Code Nation | 01/08/2019 | 31/07/2020 | Adult Classroom | £158,222 | 80% | 20% | Up to 10% [[1]](#footnote-1) |
| 10008935 | Learning Curve Group | 01/08/2019 | 31/07/2020 | Adult Classroom | £695,561 | 80% | 20% | 0% |

|  |  |
| --- | --- |
| Totals: | £1,803,991 |

**Notes:** Based on students / learning and their funding for 2019-2020 as at 31-07-2020, prior to finalisation of submission to ESFA

**2020-2021 Board Approved Proposed Subcontractor Funding**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **UKPRN** | **Subcontractor** | **Contract Start Date** | **Contract End Date** | **Provision Type** | **Maximum Funding Proposal Paid by ESFA to College** | **% of Funding Proposed to pay Subcontractor** | **% of Funding Retained by College** | **% of Funding Subcontractor has paid College (services, support)** |
| 10046546 | Carrington Riding Centre | 01/08/2020 | 31/07/2021 | 16-19 Years Full Time | £123,315 | 80% | 20% | 0% |
| 10034535 | Flixton Girls’ School | 01/08/2020 | 31/07/2021 | 16-19 Years Full Time | £347,604 | 80% | 20% | 0% |
| 10067391 | Debut Academy of Performing Arts | 01/08/2020 | 31/07/2021 | 16-19 Years Full Time | £96,324 | 80% | 20% | 0% |
| 10021452 | Interactive Business Ltd | 01/08/2020 | 31/07/2021 | 16-19 Years Full Time & Adult Classroom | £372,732 | 80% | 20% | 0% |
| 10043702 | Code Nation | 01/08/2020 | 31/07/2021 | Adult Classroom | £200,000 | 80% | 20% | Up to 10% [[2]](#footnote-2) |
| 10008935 | Learning Curve Group | 01/08/2020 | 31/07/2021 | Adult Classroom | £250,000 | 80% | 20% | 0% |

|  |  |
| --- | --- |
| Totals: | £1,389,975 |

**Notes:** Proposed only.

1. Where delivery is on Trafford College Group sites 10% of funding is retained by TCG for rental costs. [↑](#footnote-ref-1)
2. Where delivery is on Trafford College Group sites 10% of funding is retained by TCG for rental costs. [↑](#footnote-ref-2)