




**Durham County Council  
Adult Learning & Skills Service  
Supply Chain Fees and Charges Policy  
2020/21**



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Principal Accounting Officer Signature:	

## Contents

Section		Page Nos
1	Purpose	3
2	Scope	3
3	Reasons for Sub-contracting	3
4	Quality Assurance of Sub-contracted Provision	3
5	Sub-contracting Fees and Charges	4
6	Additional Charges	5
7	Support Provided to Sub-Contractors	6
8	Payment Arrangements	6
9	Policy Communication	7
10	Policy Review	7

# **Durham County Council Adult Learning & Skills Service**

## **Supply Chain Fees and Charges Policy**

### **1. Purpose**

The purpose of this policy is to ensure transparency and accountability in terms of supply chain activity carried out by Durham County Council's Adult Learning & Skills Service (ALSS). This is in line with the Education & Skills Funding Agency's mandatory requirement that such a policy is in place prior to any sub-contracting activity taking place in 2020/21.

ALSS award and manage contracts defined by the Public Contracts Regulations 2015. Aggregated ESFA funding will not be awarded above £100,000 threshold to delivery sub-contractors unless they are listed on the Register of Training Organisations.

Contracts for delivery will only be awarded to organisations registered as a legal entity and 'active' on the Companies House database.

### **2. Scope**

This policy applies to all supply chain activity supported by funds supplied by the Education & Skills Funding Agency (ESFA).

### **3. Reasons for Sub-Contracting**

ALSS is committed to growing and diversifying the range of courses it delivers to widen participation in learning; target and support those most disadvantaged in the county; engage in new and emerging markets; and respond to the regional and local economic development agenda. More detail can be found in the County Durham ALSS Strategic Framework 2018-2021. The ESFA Sub-contracting Consultation Paper (June 2020) acknowledges the importance of the local authority community-based delivery model and commissioning which is unique to other delivery providers in the sector.

To maximise the opportunities made available to its learners the Service contracts with selected sub-contractors to broaden its provision offer. Additionally, sub-contracting arrangements will be established to:

- Deliver provision required for specific initiatives or projects that ALSS is unable to provide directly
- Respond to specific identified need
- Engage with individuals and/or groups who are excluded from education and training
- Ensure a wide geographic offer

As stipulated in the ESFA funding rules, ALSS will include the reasons for sub-contracting in the contract with each delivery sub-contractor, along with reference to this policy and details of where it can be found on Durham County Council's website.

### **4. Quality Assurance of Sub-Contracted Provision**

The ALSS is fully committed to the continuous improvement of all its direct teaching and learning practices and extends this commitment to all sub-contractors who deliver on its behalf.

Sub-contracted providers are contractually required to meet ALSS's quality assurance standards. ALSS will promote continuous improvement through monitoring, support and challenge, as appropriate.

## **5. Sub-Contracting Fees and Charges**

In compliance with the ESFA and other agency rules that apply, ALSS will publish its fees and charges policy and actual end-of-year sub-contracting fees and charges on its website, before the start of each academic year. In the case of actual end of year data, this will be published within 30 days of the 2019/20 ILR closing, as required by the ESFA.

Education and Training provision and Community Learning are based on different ESFA funding models. Community Learning is grant based while Education and Training provision is based on a published funding rate per qualification.

### **5.1. Education and Training Provision**

ALSS will charge a management fee that does not exceed 20% of any ESFA published funding rate, from all sub-contracted providers delivering Education and Training provision. The fees reflect the cost of the commissioning and procurement process, administration, and management of contracts.

The management fee is a charge made by ALSS in exchange for providing the following functions:

#### Commissioning and procurement process

- Carry out all due diligence processes relating to new sub-contractors
- Carry out annual due diligence refresher for existing/continuing providers
- Draw up and agree all contracts and amendments/variations
- Provide funding calculations relating to each provider

#### Administration

- Carry out internal audits relating to document control
- Create a centralised location for all sub-contractor files
- Ensure practice is in conjunction with funding regulations, including the escalation of course documentation, back to the sub-contracted provider where information is missing
- Provide management information services (MIS) and data control advice
- Input learner and course data and submit monthly ILR claims
- Carry out administration of Discretionary Learner Support Funds

#### Management of contracts

- Monitoring overall performance of each sub-contractor
- Provide financial management of the contract
- Audit management systems and delivery
- Ensure all associated paperwork is obtained in a timely manner and made available for curriculum inspection
- Agree monthly/staged payments to sub-contractors
- Overall responsibility of ensuring every invoice submitted by sub-contractors is accurate against ILR drawdown
- Support with ESFA funding rules/regulations interpretation and compliance
- Celebrate learner achievement
- Maintaining a Single Central Record of all Disclosure and Barring Service (DBS) checks and sub-contractor staff qualifications and training

- Ensuring that all sub-contractor staff are included in any relevant safeguarding, Prevent or other applicable training

As required by the ESFA we will include specific costs for managing each sub-contractor in their contract.

## **5.2. Community Learning**

For Community Learning the fees charged are notional as there are no nationally published funding rates for these courses. However, there is a resource cost to Durham County Council ALSS in supporting all of its subcontracting arrangements - to support the procurement process, plus the ongoing administration, quality assurance and management of the contracts as detailed above. Community Learning sub-contractors working with ALSS receive the same high level of support and guidance as all other sub-contractors delivering accredited provision. The fees for the delivery of this support are sourced through DCC's ESFA core grant.

The nature of the Community Learning grant, and the diverse nature of the programmes/groups within the community that may benefit from the activities provided by sub-contractor organisations, are such that not all sub-contractors are paid the same per learning outcome. The payment made is dependent upon the profile of learners and length of the course.

## **6. Additional Charges**

Further charges to cover quality monitoring activities and specific support costs are funded through DCC's adult education budget. These cover the cost to ALSS of additional support deemed necessary to ensure the quality of teaching and learning and the achievement rates of any sub contracted provision.

Quality monitoring and support activities to all sub-contractors will include:

- Quality monitoring visits, which may include 'deep dive' visits to sub-contractor delivery premises to check on delivery and speak to learners and tutors
- Scheduled observations of their teaching and learning practices (OTLA) for all tutors who deliver the provision, including visits to classes delivered online
- ALSS quality assurance termly workshop training events
- Regular quality audits on course paperwork including curriculum plans, and individual learning plans
- Monthly 'Performance Toolkits', providing feedback and challenge by monitoring provider performance against agreed targets, including targets for participation, retention, achievement and progression
- Reviewing content and completion of provider Self-Assessment Reports (SAR) that feed into the annual ALSS SAR
- Producing and monitoring a Business Improvement Plan (BIP) that encompasses sub-contracted delivery. Ensuring that actions contained within the BIP are implemented
- Ensuring that learner and employer voice is captured and contributes to quality improvement by analysing data from learner evaluation forms submitted by sub-contracted providers
- Evaluating end of course reviews

As required by the ESFA we will include a description of how each specific cost is reasonable and proportionate to the sub-contracted delivery and explain how each cost contributes to delivering high quality learning, in each delivery sub-contractor's contract.

## **7. Support Provided to Sub-Contractors**

All sub-contractors will be supported throughout the duration of the contract. A Contract Officer will be appointed to each sub-contractor and they will be the main point of contact. Effective two-way communication will be promoted at all times and the Contract Officer will arrange visits outside of the scheduled arrangements to address any issues which may arise.

The mix, balance and level of support for each sub-contractor will vary depending on the specific needs of the sub-contractor and is reflected in the additional charges. Providers 'risk band' will be reviewed and confirmed at the end of each academic year.

## **8. Payment Arrangements**

ALSS agrees contracts and payment profiles based on planned learner volumes prior to the delivery of provision by sub-contractors. Sub-contracted provider payments are tied to the delivery of specific outputs within a defined timeframe. Providers must show evidence of their delivery by submitting on time, the required data and course documentation, as per the course documentation requirements and timelines. Course documentation that is escalated after the cut-off period for submissions will be paid in the next month, subject to validated and accurate re-submitted paperwork being received by ALSS in-line with the submission' timeline.

For non-accredited Community Learning provision, payment for each learner will be triggered by the submission of validated closing paperwork, and paid in the corresponding month, as per the timeline detailed below.

## Education and Training and Community Learning Contract Payments

Sub-contracted providers will be paid one month in arrears according to the timeline detailed below:

Payment Month	Paperwork Submission by (cut-off date)	RO Return to ESFA	Verification of RO funding calculation (5 working days)	Deadline for Invoice submission (by sub-contractor)
Aug-20/Sep-20	30/09/2020	06/10/2020	13/10/2020	25/10/2020
Oct-20	30/10/2020	05/11/2020	12/11/2020	26/11/2020
Nov-20	30/11/2020	04/12/2020	09/12/2020	14/12/2020
Dec-20	18/12/2020	07/01/2021	14/01/2021	21/01/2021
Jan-21	29/01/2021	04/02/2021	11/02/2021	25/02/2021
Feb-21	26/02/2021	04/03/2021	11/03/2021	25/03/2021
Mar-21	31/03/2021	08/04/2021	15/04/2021	29/04/2021
Apr-21	30/04/2021	07/05/2021	14/05/2021	28/05/2021
May-21	28/05/2021	04/06/2021	11/06/2021	25/06/2021
Jun-21	30/06/2021	06/07/2021	13/07/2021	27/07/2021
Jul-21	30/07/2021	05/08/2021	12/08/2021	26/08/2021
Aug-21	N/A	14/09/2021	21/09/2021	05/10/2021
Sep-21	N/A	21/10/2021	28/10/2021	04/11/2021

All payments are conditional upon receiving an invoice and any supporting information. Invoices must contain the provider order number of the associated sub-contract. Payment will be made by BACS within 30 days of the date when the invoice was received.

ALSS expects that sub-contractors will participate in the assessment of accuracy of payments and review remittance advice to ensure there are no inaccuracies, which may delay payments whilst being resolved.

### 9. Policy Communication

The ALSS Supply Chain Fees & Charges Policy is available on-line at:  
<http://www.durham.gov.uk/article/2815/Procurement-policy-and-strategy>

### 10. Policy Review

The policy will be reviewed at least annually in August of each year. The policy is communicated to providers at pre-contract meetings and any changes to the policy will be notified to sub-contractors as part of their regular performance review or via separate correspondence.