



Supply Chain Fees and Charges Policy
2016 - 2017

(Next Review Date July 2017)

Subcontractor Management Fees and Charges Policy for 2016/17

1. Background

The 2016/17 Skills Funding Agency (SFA) funding rules require all providers who subcontract provision to publish a Subcontractor Management Fees and Charges Policy in the interests of transparency and openness. This document sets out details of the type of provision which is subcontracted by Start Training Ltd. (STL) and its policy in relation to management fees and other charges.

This policy document relates only to "provision subcontracting". That is, subcontracting the delivery of full programmes or frameworks. This policy does not relate "service subcontracting", which is the part delivery of a programme, for example, part of an apprenticeship programme or outreach support.

STL currently works with a range of partners including the Job Centre, Employers and local community groups to deliver a range of learning opportunities for adults, young people aged 16 and above. Some of these arrangements are informal and others have a more formal service level agreement.

2. Reason for Subcontracting

In line with many other providers, STL subcontracts some elements of the SFA funded provision to meet its customers' needs, both on a local and regional basis, or to:

- Expand provision with new courses or delivery models that STL is currently not equipped to deliver;
- Diversify provision in terms of scope, scale, geographical reach or new SSA areas, linked to new or existing business contacts;
- Support smaller providers to develop and grow their specialist provision.

STL encourages a relationship with its providers from one that extends beyond the definitions of the contract to one which operates in a spirit of support, guidance, co-working, transparency and challenge, where necessary, to drive improvements and to ensure the best possible service delivery to learners as well as providing value for money.

3. Improving Quality of Teaching and Learning and Support Services

In return for the fee, subcontractors receive the following support, guidance and challenge:

- A named contract manager as first point of contact who will respond promptly to any queries and monitor the contract throughout the year;
- A minimum of four monitoring meetings per year where provider performance against contract and the quality of the delivery are discussed and action plans for improvement agreed;
- Monthly contact to provide additional information and support;
- Regular "Observations of Teaching and Learning", with comprehensive feedback in relation to all assessor or tutor observations, together with an improvement action plan where appropriate.
- Access to support and challenge as part of the SAR and QIP process, to ensure quality improvements
- Access to CPD services;
- Quality and accuracy checks of paperwork submissions prior to processing of ILR returns and enrolment of learners onto the Management Information System (MIS).
- Course code set-ups for all courses to be delivered
- Monthly report based on data extracted from the MIS showing learner and course details and funding earned;
- Audit checks of the full delivery information, including, but not exclusive to, paperwork, learner induction, IAG, ILPs, progress reviews, policies and procedures, employer engagement, learner feedback and complaints, health & safety checks, Internal Quality Assurance, learner progress tracking system and Awarding Organisation reports;
- Access to advice on funding;

4.1 Fees and charges

A minimum management fee of 15% is applied to all subcontractors. The actual standard charge will be negotiated with each subcontractor and will range from 15% to 20%, depending on the amount and level of support required. The fee level is calculated to cover the costs of managing and administering the subcontracting arrangements. The fee covers the staffing and other direct costs of supporting and monitoring the subcontracted provision.

4.2 Additional charges

Additional charges may apply should extra services be required. These may include:

- Exam registration
- Internal Quality Assurance services
- Liaison/management of External Verifier visits
- Purchase of resources
- Additional specialist CPD events
- Carrying out of observations of teaching & learning (OTLs) where the sub-contractor doesn't have capacity to undertake OTLs and moderation themselves.
- Additional support meetings in excess of those set out in the annual Quality Calendar

5.1 Payment Terms

Subcontractors will be paid monthly in arrears within 30 days of receipt of a valid invoice.

5.2 Calculation of funding due to sub-contractors

Payments will be based on actual Funding earned to the end of the previous calendar month based on submitted ILR information. STL will produce a monthly ILR within 10 working days of the end of

the previous month. STL will extract from this the data relating to the subcontractor. The ILR will show how much Funding has been earned in relation to the Learning Provision delivered by the subcontractor to the end of the month under review. A detailed report which includes details on each individual learner and the amount due for payment that month will be provided to the subcontractor to enable them to check the accuracy of the underlying data and identify any omissions. Any agreed adjustments required will be processed and reflected in the payment due to the subcontractor for that month, if they are notified to STL by the 20th working day of the month and where the impact on the payment due to the subcontractor would be more than 10%. Otherwise they will be reflected in the payment due for the following month. STL will pay the subcontractor its cumulative Funding earned for the academic year to date after deducting the management fee and any Payments already made in relation to that Academic Year.

5.3. Achievement Payments

20% of the funding is earned on achievement. This may only be claimed once the achievement data and paperwork has been received and verified and the data entered into the MIS. This will be paid to the subcontractor, less the appropriate management fee, as outlined above.

5.4 Payment Reconciliation

If the funding is withdrawn retrospectively from STL by either the SFA or the EFA, STL reserves the right to withdraw an appropriate amount of funding from any subcontractor to whom this funding recovery relates.

No payment will be made where the activity exceeds the Maximum Contract Value unless a contract variation agreement has previously been signed.

Subcontractors have a responsibility to assess the accuracy of payments and therefore have a responsibility to review their monthly financial reconciliations to identify any inaccuracies.

6. Communication and Publication of this policy

This policy has been shared with all potential and current subcontractors and is available on the STL website: www.STL.eu.com/subcontractors/

7. Policy Review

This policy is reviewed on an annual basis in July, to allow for any alterations in SFA or EFA funding guidance. This enables STL to ensure partners are fully aware of these changes in addition to any alterations in our policy.

This policy has been approved by the Board of Directors and is fit for purpose.