

## SUB-CONTRACTOR (SUPPLY CHAIN) FEES AND CHARGES POLICY FOR HIGHER AND DEGREE APPRENTICESHIPS

### Summary of principal changes

<b>General changes</b>	
None	
<b>Section</b>	
None	

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## 1 Definitions

**‘Apprentice’** means an individual employee undertaking an Apprenticeship as part of a job with an accompanying skills development programme funded by the ESFA.

**‘Apprenticeship’** means the training of an Apprentice. Where appropriate and applicable, this shall include the End-Point Assessment of such Apprentice.

**‘Education and Skills Funding Agency’ or ‘ESFA’** means the Education and Skills Funding Agency, an executive agency of the Secretary of State for Education or any successor agency thereto.

**‘End-Point Assessment’** means the assessment of the standard of knowledge, skills and behaviours which have been learnt by an Apprentice throughout an Apprenticeship.

**‘Funding’** means the funding paid to the University towards the cost of Training and End-Point Assessment of Apprentices by the ESFA.

**‘Funding Rules’** means the ESFA’s funding and performance management rules as revised and amended from time to time.

**‘Sub-Contractor’** means, for the purposes of this policy, any organisation contracted by the University to deliver Training. This excludes Apprentice assessment organisations and other sub-contractors used for different services, including help with marketing or data management. This also excludes sub-contractors who deliver any Training to an Apprentice that is in addition to the Apprenticeship and not funded through this route.

**‘Training’** means the delivery of off-the-job training as part of an Apprenticeship, Maths and English and on-programme assessment.

## 2 Scope

This policy statement details how the University of Hertfordshire (“the University”) will apply fees and charges to contracts with organisations sub-contracted to deliver Training on behalf of the University. It outlines the University’s Supply Chain Charges and Fees policy for the period May 2017 to March 2018. It is published in line with the ESFA’s requirements stated in the Funding Rules.

## 3 Usage of Sub-Contractors

3.1 The University will enter legally binding contracts with each Sub-Contractor where:

- this will enhance the delivery of the Training for which the University has been funded by the ESFA;
- the Sub-Contractor delivers niche provision, ensuring high quality teaching and learning attributable to the Sub-Contractors’ extensive and focussed experience in the specialist areas;
- this will ensure cost effectiveness of delivery; and
- sub-contracting widens the range of access, participation and progression opportunities for Apprentices.

3.2 However, the University’s Training will only be sub-contracted where:

- academic quality, legal and financial due diligence (including approval of the Sub-Contractor through the University’s Academic Development Committee and validation of the Sub-Contractor’s ability to deliver the agreed Training) has been undertaken to ensure that the Sub-Contractor can reasonably be expected to deliver the Training in accordance with the academic quality standards set by the University; and

- contractual agreements are in-line with the ESFA's requirements.

#### **4 Improving the quality of teaching and learning**

4.1 The University is dedicated to delivering a high-quality service to all Apprentices undertaking its Training. Where the University feels that the use of a Sub-Contractors will enhance this delivery, the University will work collaboratively with that Sub-Contractor to ensure delivery is of the highest standard.

4.2 The University has robust processes to ensure that Sub-Contractors adhere to the University's academic quality standards and values, including:

- approval of Sub-Contractors through the University's Academic Development Committee;
- validation of the Sub-Contractors' ability to deliver the agreed Training;
- quality assurance audits;
- regular management meetings to ensure delivery success;
- annual reviews;
- support for staff training and development;
- information sharing practices to ensure quality of evidence and data retention; and
- sharing best practice to help improve services for both the University and the Sub-Contractor.

#### **5 Sub-contracting fees and principles**

5.1 Contractual arrangements between Sub-Contractors and the University will involve a retainment of a fee for payment of management and administrative services. The level of fee retained is calculated as a percentage of the total contract value agreed with the Sub-Contractor. This percentage typically ranges from 10% to 25%.

5.2 The actual percentage agreed shall be determined by consideration of several factors including:

- history of previous contracts (to date) with the University and their delivery;
- financial sustainability of the Sub-Contractor;
- the amount of support required by the University to aid delivery; and
- the size of the contract with regard to both Funding and number of Apprentices.

5.3 The exact fee will be subject to negotiation and review with each Sub-Contractor and the final fee will be agreed by the University and the Sub-Contractor. Sub-Contractors may be charged different management fees, depending on the factors above and consideration of their ongoing performance. All contracts with Sub-Contractors shall have an agreed maximum contract value.

#### **6 Support provided**

In return for the above management fee, and in accordance with the pre-agreed percentage, Sub-Contractors can access the following support, where appropriate:

- pre-contract advice and guidance;
- regular performance and contract management reviews with detailed feedback;
- support for staff training and development to meet University standards;
- ongoing administrative support including in-depth evidence checks and regular feedback sessions;
- submission to the ESFA of Individual Learner Records (ILR) and/or supplementary data returns; and
- regular financial reports to inform of billing and income.

## 7 **Payment terms**

- 7.1 Payments to Sub-Contractors will be calculated on a monthly basis taking into account timely receipt of Funding by the University, the management fee, audit hold back and payments to date. The University shall also take into account the Sub-Contractor's performance to date, in terms of the delivery and fulfilment of its sub-contracted services and responsibilities under the relevant contract.
- 7.2 Sub-Contractors must submit evidence by an agreed deadline in order to invoice in respect of Training provided. This is to ensure that the data is processed in good time to ensure the University can comply with ESFA requirements including but not limited to the submission of monthly ILR and/or supplementary data returns and the subsequent funding calculation.
- 7.3 Invoices are payable within 30 days of receipt of an invoice subject always to receipt by the University of the Funding.
- 7.4 The total value of payments will be restricted to the contract's maximum contract value.
- 7.5 If the University pays the Sub-Contractor in relation to any Training that is subsequently demonstrated not to be eligible for payment of Funding by the ESFA, the University will be entitled to be fully refunded by the Sub-Contractor. At the discretion of the University such refund will either be payable within 30 days of the University giving notice to the Sub-Contractor or may be deducted from any subsequent payment to the Sub-Contractor.
- 7.6 Full details of payment arrangements will be included in each Sub-Contractor's contract. This will include a breakdown of evidence requirements, submission deadlines and other requirements for compliance with the Funding Rules.

## 8 **Policy communication**

- 8.1 This policy will be communicated to current and potential Sub-Contractors via email and via our external website.
- 8.2 Any proposed changes to this policy will be communicated to all Sub-Contractors for the purposes of consultation, no less than 30 days prior to the adoption of any changes.

## 9 **Policy review**

This policy will be reviewed at least annually, in line with the Funding Rules. Should the Funding Rules change following publication, and should those changes contradict this policy, Funding Rules will take precedence.

## 10 **Publication**

This policy will be published on the University website.

Mrs S C Grant  
Secretary and Registrar  
Signed: **1 May 2017**