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**Supply Chain Fees and Charges Policy 2019/20**

**Introduction**

This policy applies to all University of Derby sub-contracted provision for education and training financed using the Education and Skills Funding Agency (ESFA) funds. Subcontracting in all of its forms is managed through the University Apprenticeships Hub. This includes provision funded through the Apprenticeship Levy and the Adult Education Budget. The University recognises the importance of building effective supply chain relationships to deliver excellent learner outcomes and to develop that relationship within a subcontracting context.

This policy has been developed in line with the ESFA Funding Rules & Regulations.

This policy was approved in November 2019and will be reviewed annually.

# Rationale for offering sub-contracted provision

The University of Derby enters into sub-contracting arrangements to meet the needs of learners by providing a relevant, comprehensive and innovative curriculum offer. Reasons for offering sub-contracted provision vary but may include:

* To offer increased choice of provision;
* To develop niche sectors of provision;
* To develop opportunities for specific communities or groups of learners;
* To develop networks of expertise.

By acting as the “Prime” contract holder, the University is looking for subcontracted provision that compliments its offer and geographical reach whilst maximising the amount of funding that reaches front line delivery of high quality learning.

# Contracting Process

A robust process is in place to identify, procure, evaluate and contract with new and existing subcontractors at the beginning of each academic year. A Contract Variation is signed to confirm continuing students through existing subcontractors and includes a summary of changes to the standard sub-contract.

The University undertakes any Subcontracting Tendering process in line with the Public Contracts Regulations 2015. Any training provider looking to work with the University in a subcontracting capacity must express their interest by responding to any University published tender. As part of this tender applicants are required to produce evidence that meets the University’s due diligence criteria, which includes legal, financial and quality checks, as well as checks to ensure applicants are not part of extremist organisations. Subcontractors must also declare if they have a Conflict of Interest with the University of Derby. Equally, during the Curriculum Quality Board Meeting, conflicts of interests are declared.

The Procedure undertaken for each Tender process will be appropriate and proportionate to its requirements in line with the Public Contract Regulations 2015.

Award Letters are issued to successful applicants who are then registered on the University’s preferred list of suppliers for subcontracting delivery.

The tendering process involves a number of University teams from Finance, to Curriculum, through to Quality and Contracts. Each team is required to identify concerns or missing information at various phases as appropriate.

In line with ESFA policies all organisations considered for subcontracted provision must register on the UK Register of Learning Providers (holding a valid UKPRN); and be listed on the Register of Training Organisations. The University reserves the right to refuse a contract to any training provider that poses a considered risk to quality, performance or reputation.

From 1st August 2019, any subcontractors that wish to deliver apprenticeships through the University of Derby’s funding contract must be approved and registered as a main or supporting provider on the Register of Apprenticeship Training Providers.

Before a contract is signed, quality visits and further negotiations are carried out to ensure that potential subcontractors can provide quality IAG, delivery and support to students.

Furthermore, all subcontractors are considered and must be approved by the University’s Further Education Governance Committee, who will review the reports of the Curriculum Quality Board to determine the quality and risk associated with each Subcontractor. Approval is evidenced in FEGC Minutes.

During the contracting year, as required by the ESFA, the College will complete the Subcontractor Declaration Form and at the end of the year publish data on the actual level of funding paid and retained for each sub-contractor.

# Improving quality of teaching and learning

The University of Derby works in partnership with sub-contractors and ensure on-going support is available to achieve our joint aims, this will include an induction; and as appropriate for each cohort of learners a planning meeting, a monitoring visit and a quality assurance visit. Quality will be built in from the beginning of the contract, and prior to the start of any contract all subcontractors will be required to provide CVs, DBS checks for staff and copies of IV/EV reports and Observations that have been conducted internally.

Throughout the lifetime of the contract, and to help identify areas for improvement, The University will visit the learners during their teaching, learning and assessment to conduct observations. This will involve comparing the schemes of work with the teaching and learning actually taking place, to observe the quality of teaching by the Assessor and to award a mock-OFSTED grade. The University also conducts unannounced spot checks, at least one per year with all subcontractors.

A Curriculum Quality Board will gather at least twice a year to review individual subcontractor performance and conduct a risk assessment on performance to date.

# Retained Funding and Support to Subcontractors

The University of Derby has ensured that they have the knowledge, skills and experience within the organisation to successfully procure, contract with and manage its subcontractors. Subcontractors are managed by the following:

* Central Finance including the Business Accountant
* Senior Leadership Teams
* Quality Operational Manager
* The University Apprenticeships Hub
* Central Procurement Team
* University Legal Team
* University MIS Teams

The amount of funding retained by the University of Derby is calculated as a percentage of the total contract value. The typical rate retained is between 15% and 30%. The retention is calculated in proportion to the anticipated risk and intervention assessment conducted at the end of the tendering process. It considers due diligence and the results of the Curriculum Quality Board and quality visit. Percentages may vary where there is an estimated cost to the University for providing additional review and quality intervention and any other identified support.

For Apprenticeship provision, the funding retained by the University is calculated in line with the balance of delivery of each Apprenticeship. The retained funding is calculated under contracting arrangements at the end of the tendering process. The University considers due diligence and the results of the Curriculum Quality Board and quality visit before issuing contracts.

The University of Derby will:

* + Conduct regular Performance Monitoring meetings as defined by the contract to discuss progress against contracted targets
  + For Apprenticeships, deliver an agreed proportion of the Apprenticeship as negotiated through the contracting process
  + Complete Quality Assurance visits including observation of lessons
  + Maintain and issue the Operations & Quality Management Procedures Manual, describing the responsibilities and expectations of both subcontractors and the University
  + Provide training to support subcontractors in areas such as funding guidance, standardisation and sharing of best practice
  + Provide support with the financial claims process and clearance

# Financial arrangements

At the start of the academic year, subcontractors are provided with a schedule as part of the procedures manual, which dictates deadlines for submission of paperwork, release of financial and learner reports and approximate payment dates. On submission of the monthly ILR, a financial reconciliation income tracker is sent to individual subcontractors showing all learners qualifying for payment in the period. All subcontractors must be set up as a supplier on the eFinance Portal in order to receive payments. Payments will be made within 30 days of receipt of invoice.

# Policy Review and Publication

This policy is reviewed during each summer term, and must be approved by the University’s Further Education Governance Committee. In line with ESFA Funding Guide 2019/20, the policy has been published on the University Website. The policy is included as part of the Operations & Quality Management Procedures Manual which is updated each year and issued to each organisation providing education and training services to the University funded by ESFA monies.